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QUESTIONS OF THE DAY

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WHO PAYS YOUR TAXES?

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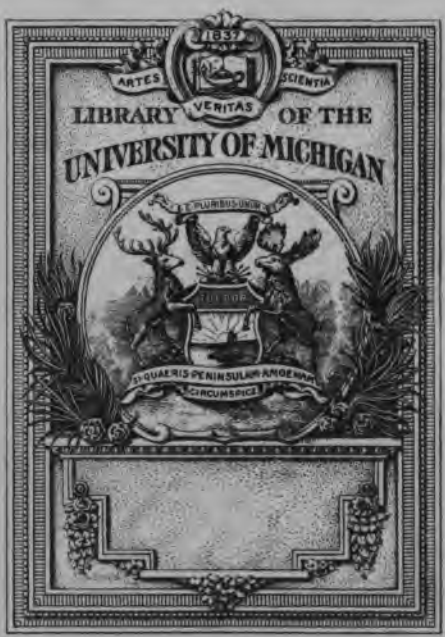
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WHO PAYS THE TAXES?

WHEN THE TRUNK IS TAPPED, EACH BRANCH IS DRAWN UPON FOR ITS DUE PROPORTION OF SAP.

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THE NEW YORK TAX REFORM ASSOCIATION is responsible only for its own platform, and for that part of this book which coincides with its platform. Many of the arguments quoted are applicable to a part only of our programme, while certain considerations are presented which lead to conclusions other than ours.

We use these arguments only so far as they go in the direction that we think is right, and we take no responsibility whatever for the facts or conclusions stated by the writers. For example, certain of the authors lean either toward protection or toward free trade—matters with which we have no more to do than we have with the work of the White Cross League.

As we have frequent inquiries from other cities in regard to the formation of leagues similar to the Tax Reform Association, all who approve of our plans or platform are requested to communicate with us with a view to facilitate organization.

Our association is a New York State one, and we give attention first to our own special problems and interests, but the prosperity of all the States is bound up in one " United States."

B. H.

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PREFACE.

THIS volume is in part a compilation of matter collected from various sources, but the several papers possess a unity of purpose, and it has been the aim of the editor so to arrange his contributions as to present a simple and consecutive discussion of the principles upon which depends a wise system of local taxation. It is believed that the reader unfamiliar with the subject of taxation will be able to obtain from this book a correct and practical understanding of its main principles. Various systems are considered; their effect upon the community as a whole and upon various classes of the community is set forth, and what is believed to be a scientific and equitable method is presented (unencumbered by figures) for the judgment of the tax-payer. The census and the various comptrollers' and commissioners' reports, with the works cited in the addenda, will furnish abundant statistics for the student. Wherever it has been possible, credit has been given for material; but a discussion and argument of this nature necessarily involves extensive utilization of data from unknown or unacknowledged sources.

BOLTON HALL.

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BOLTON HALL.

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WHO PAYS YOUR TAXES?

CHAPTER I.

CHANGES NEEDED.

Study of principles, the first step.—Empiricism in taxation.—Its origin.—What taxes are paid for, and what they are commonly supposed to be paid for.—Men should not contribute in proportion to ability; why those who get the most benefit from the community at large should pay most for such benefit.—A formulation of principles.—How Mr. George expresses it.—Evils of the income tax and of taxes on legacies.—Impossibility of collecting personal taxes.—Real estate the proper object of taxation.—Mortgages should not be taxed, nor should the amount of mortgages be deducted from assessments on real estate.—Custom duties not considered, and why.—What should be taxed.

THE first step toward correct tax legislation is the study of the principles on which it depends. Without this we have no assurance that change is improvement. Before we began to find principle in medicine, the science, if it could be called a science, consisted of mere experiment. Tax legislation is passing through the same stage: without seeking definite and ascertained principles, founded on equity, the law strikes now at this object and now at that, as a means of raising money.

A. L. Chapin[1] somewhat ludicrously says, that "there is found to be an advantage in combining different systems of taxation, so that the defects of one shall be balanced by the defects of another, while the advantages of all are secured." That is as though a doctor should say that the disadvantages of antipyrenes, sudorifics, and sedatives are such that it has been found best to dose patients for every disease, with a view to combine the advantages of all remedies. Yet such is the common procedure.

It is not wonderful, however, that taxation should be of so chaotic a character.[2] It originated either in simple robbery or extortion by chiefs and kings, or in the price of protection from robbery,[3] and as far as it has been controlled by any practical theory it has been the theory of the blackmailer or the bandit; that is, to prey upon its victims just to such an extent and in such ways as will leave the payees able to respond to further exactions.

This is what we might call, after Colbert's famous saying, the goose-plucking system of taxation. It has been succeeded, in theory at least, by taxes imposed by the people themselves for their common needs. What, then,

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[1] Johnson's Encyclopædia.

[2] "The systems for raising revenues in the different States by the national Government grew up under the force of accident and circumstances rather than as the result of consideration and inquiry." From the "Report of the Commissioners of 1871, to Revise the New York Tax Laws," by David A. Wells and Messrs. Dodge & Cuyler.

[3] Blanqui: "History of Political Economy in Europe." Also Denslow's "Principles of Economic Philosophy," Cassell, p. 452. McCulloch's Smith's "Wealth of Nations," Black & Tait's edition, pp. 412–414.

are these common needs for which we should pay in common?

Taxes are popularly supposed to be paid only for protection of life or of property. This is erroneous.[1]

Were they for protection only, they who demand most protection should pay the most—that is, orphans, women, lunatics, and the poor generally—while the city "tough," or anybody else who feels quite competent to take care of himself with his hands, should not pay anything. The rich man does not need your protection. He can, and actually does, hire Pinkerton's detectives, or footmen, or watchmen, when he finds himself or his property in danger. Should he on that account be exempt?

Were taxes for protection, the owner of a brickyard, which cannot be carried off, and which he is prepared to defend by the aid of his Italian workmen, should not pay taxes. We find in some communities a state of society such that, owing to the mild manners or religious feelings of the people, protection is unnecessary; while in some frontier towns every one protects himself, or else a vigilance committee protects all who deserve it. Will any one claim that in such cases no taxes could be fairly levied? or that, conversely, he who pays no taxes should have no protection? In olden times taxes were based on some such theory, but that has long passed by. Nor is there any justice in a levy of that kind, for a costly marble

[1] J. S. Mill's "Principles of Political Economy," G. R. & D. Longmans, People's Edition, p. 485.

mansion with its usual furniture demands no more from the public than a cheap wooden house does. Why, then, should it pay more to the public? Clearly taxes are not collected for that reason.

Taxes are not paid for protection, except in the same sense that the price of protection is paid in buying a coat. They are a necessary condition of having roads, bridges, public justice, sewers, boards of health, commissioners of agriculture, police, water, lights, education, harbors, and the thousand and one privileges incident to living in civilized society.

Another popular theory is that men should contribute to the common burden according to their abilities—that a man should pay because he could.[1] This is as fallacious as the last,[2] because such a tax is a tax on abilities, and consequently a large tax is a discouragement of large abilities, whether mental, physical, or financial. Again, it is unequal, since a rich man is better able to pay twenty per cent. of his annual million than a poor man is able to pay one per cent. of his annual hundred dollars.

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[1] Wells, "Second Report," p. 65, 1 to 1, enunciates this common-sense and equitable principle, which, very curiously, the majority of those who undertake to discuss taxation in the United States wholly ignore, "*that the public revenues ought not to be measured by the people's abilities to give, but by what they ought to give.*" "And what they *ought* to give," as has been remarked by another writer, "can of course only be measured by the benefit they are to derive."

[2] "It must therefore be evident that equality of taxation cannot mean the taxing of people according to their means."—H. Fawcett's "Manual of Political Economy," sixth ed., p. 518.

This idea is also based on the tribute theory, and can be reduced to an absurdity; for only a comparatively small sum, say not over a hundred thousand dollars annually, is necessary to support life in comfort even for a very extravagant man, whilst the ordinary banker could spare little out of five thousand. The man who has a million a year, therefore, if he were to pay according to his ability, should be taxed nine hundred thousand, and the modest banker should go almost free.

Taxes are collected because when men gather together it is found best to divide certain necessary work for the sake of economy and efficiency. It seems, therefore, that those who get the most benefit from this work should pay proportionally.

Adam Smith was the first to attempt to formulate the truths upon which a tax system should accordingly be based. His canons may be described as those of equality, certainty, convenience, and economy. They leave out, however, the element of directness, with the good effects which admittedly ensue from every man knowing for what he pays his money. They do not sufficiently consider the additions to the amount of taxes put on by those who advance the tax and really act as collectors. The greater the number of hands through which the tax passes on its way from the real payer to the Government, the greater the number of profits and expenses which will be taken out of the sum paid before the Government gets it.

An examination of the leading authorities shows, however, that, though variously expressed, Smith's maxims, as far as they go, have "been generally concurred in by subsequent writers," [1] and that their application has been no less generally neglected.

These principles have recently been formulated, as follows, viz.:

1. The most direct taxation is the best, because it gives to the real payers of taxes a conscious and direct pecuniary interest in honest and economical government.

2. Mortgages and capital should be exempt from taxation, because taxes on such capital tend to drive it away, to put a premium on dishonesty, and to discourage industry.

3. Real estate should bear the main burden of taxation, because such taxes can be most easily, cheaply, and certainly collected, and because they bear least heavily on the farmer and the worker.

These unite all the canons stated by Adam Smith, and for a practical programme appear to meet every requirement.

The laws are stated by Mr. George with axiomatic force, as follows:

The best tax by which public revenues can be raised is evidently that which will closest conform to the following conditions:

[1] Mill's "Principles of Political Economy," p. 483. See also Fawcett's "Manual of Political Economy," sixth ed., 1883, p. 516.

1. That it bear as lightly as possible on production, so as least to check the increase of the general fund from which taxes must be paid and the community maintained.

2. That it be easily and cheaply collected, and fall as directly as may be upon the ultimate payers, so as to take from the people as little as possible in addition to what it yields the Government.

3. That it be certain, so as to give the least opportunity for tyranny or corruption on the part of officials, and the least temptation to lawbreaking and evasion on the part of the taxpayers.

4. That it bear equally, so as to give no citizen an advantage, or put any at a disadvantage, as compared with others.

From these Mr. George arrives at a very radical conclusion.

The changes proposed which seem to meet with the most general favor from conservative intellects are a graduated income tax, a tax upon inheritances or upon collateral inheritances, and a tax on land and on franchises. They should be carefully considered.

The income tax, although advocated by good authority, seems to be more proper as a special or supplemental tax, where other sources of revenue fail, or for special demands like war. It is open to three objections: First, that it is extremely difficult to collect fairly—so much so that in Germany, where the tax is laid, the proverb runs, "The

bigger the income, the bigger the thief." It is a tax which is more readily evaded by the very rich than by any others, because it pays a rich man to employ the best counsel, to resort to legal artifices, or to remove his residence for the purpose of saving a considerable sum of money; whilst upon the man of moderate circumstances, especially those on a salary or having a fairly definite professional income, it falls with redoubled weight.

Secondly, even a graduated tax has not that justice which appears on its face. For a poor man with a large family to pay anything out of an income which barely supports him is more of a hardship than for a wealthy man, who has only himself to care for, to pay a large proportion out of his superfluity. In order to impose anything like equal burdens, an income tax should be graduated with reference not only to the amount of income, but to the amount of necessary expenditures, and consequently with reference also to the social position of the individual. Thus, a butcher's foreman with fifteen hundred dollars a year, who lives as butcher's foremen and men of the laboring class usually do, would find a tax upon his income far less burdensome than the small merchant who makes fifteen hundred dollars' profit, but whose mode of living and dress, from the nature of his occupation, necessarily involves a much larger expenditure. But such graduation would be impossible.

Thirdly, an income tax is paid, if paid at all, entirely out of savings. It tends to discourage frugality, and to

undo the very work on which we have spent so much trouble in establishing a savings bank system. All proposals for a graduated income tax necessarily provide for the exemption of incomes under a certain amount, for it would not pay to collect a tax on a laborer's wages. If, in order to remedy this, its payment be made a condition of the suffrage, it opens a wide door for corruption; and, if not so constructed, such a system would exempt the greater part of the public from all share in the public burdens.

"It is to be feared, therefore, that the fairness which belongs to the principle of an income tax cannot be made to attach to it in practice." (Mill's "Principles of Political Economy," p. 555.) [1]

Now, as to the inheritance tax: that is an occasional and uncertain duty, like the old aids, reliefs, and wardships, and the effect of it is, like that of other taxes on personal property, to drive away capital. The American colonies at Paris, Pau, Rome, and London are already sufficiently large for American interests. A tax on inheritances violates the canon that taxes should be assessed at the time when they can be most easily paid, since almost all estates are pressed for ready money, and one cannot pay taxes with a note or by hypothecating "cat and dog" securities, valuable as they may eventually prove to be.

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[1] For other objections see Fawcett's "Manual of Political Economy."

This legacy duty falls mainly upon widows and orphans and minors, and most heavily upon persons of slender means, because it is more easily evaded by the rich. Being impersonal and infrequent, it interests no one in good government. It fosters extravagance and hinders the natural redistribution of vast estates, and that in increasing degree as it is made heavier on bequests to distant relatives. Nor does the fact that a legacy is possible merely by reason of law justify such a toll; for the collection of a debt is also an artificial power, yet no one would propose to tax that.

We must seek some more philosophic changes than these if we are to distribute the burdens equitably.

As the experience of California, Colorado, Massachusetts, and other States shows,[1] to tax personal property in any form fully or fairly is utterly impracticable. The attempt results in an increase of nothing but perjury and legal artifice.[2] If it could be done, it would be disadvantageous, and it is now advocated by hardly any respectable authority. Even the attempt has recently been to all intents abandoned in some States. The tendency of enlightened lawmaking is to fix taxes mainly on real estate, and this better conforms to the canons. The quantity of real estate is substantially fixed, and its use

[1] See Thomas G. Shearman's address before the Joint Committee of Taxation of the Ohio Legislature, January 9, 1889.

[2] "There still lingers a feeling among the masses, that, if Congress would so enact, this exemption of United States liabilities from taxation need not

indispensable; so that assessments on it cannot lessen its amount or impair the extent to which it is used. It cannot be carried away or concealed. It is open to the sight of all; and though its valuation is not entirely free from difficulty, yet, since it is immovable from year to year, it can be more accurately appraised and more easily compared than any other property.

Its value is determinable in advance of assessment; the tax is a first lien on the property, so that it has become proverbially certain, whilst the active interest of real estate owners in public expenditure testifies to the beneficent effect of its directness. As to the way in which this tax on buildings is distributed, the New York *Times* well remarked:

"Everybody who pays rent, or who pays board to any one who pays rent, or who buys anything of any one who either owns or rents real estate, contributes his share toward the taxes that are collected from land and buildings. The landlord who directly pays the tax bills adds substantially the amount of his payment to the rent which he charges for the use of his building, and the amount of rent paid by the occupant affects the price of

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be; but if any one will consider the words of Chief Justice Marshall in passing upon this question, namely, 'that the power to tax involves the power to destroy,' and that if the right exists to tax at all, 'it is a right which in its nature acknowledges no limits,' he will probably come to the conclusion that Congress could not delegate to the States this power of impairing Federal sovereignty if it would, and should not if it could."—*Tax Documents.*

anything that he may sell, whether it is lodging or board or merchandise." (Editorial, May 19, 1891.)

This is too self-evident to need discussion. This tax is specially adapted to municipal wants, as the assessable value of real estate increases in direct proportion to municipal expenditures.

The practical difficulties in the way of its adoption are not serious. It is not difficult to show the farmer that the accompanying exemption of personal property would greatly lighten his burdens, because he knows that agricultural land is worth little in itself and derives its value mainly from the stock, crops, machines, and capital employed upon it. These are things the assessment of which the farmer can evade less easily than the trader.

This tax must be on the real estate regardless of whether it is paid for or not. Were the propositions which commend themselves to many of our rural legislators carried out—namely, to tax the mortgage too, or to tax the land and allow the amount of any mortgages to be deducted from the assessed valuation—in the one case the amount of the tax on the mortgage would be charged over to the borrower, and in the other the city speculator would pay simply no real estate tax whatever, because he would cover up his land to its full value with mortgages held by his sister in Jersey City, his lawyer in Great Britain, or by some one else who was so removed from the jurisdiction that, in accordance with the de-

cisions of our United States courts, his property could not be reached for taxation.

Taxes on corporate or other franchises also comply with the conditions of the canons, for it is unreasonable that one man or body of men enjoy special privileges without making special compensation to the community. This applies equally to banking, insurance, railroad, and land companies. But the tax must be laid on these privileges, and not on the use of them, nor on the capital employed, nor on the receipts, else it will have all the disadvantage of other taxes on production and on capital. Such taxes are popular, and are generally recognized as specially adapted for State and Federal purposes, so much so that the last governor of the State of New York recently expressed the hope and conviction that they would shortly be sufficient to defray all ordinary expenses.

The question of Federal custom duties need hardly be considered here, since those who hold that the tariff is not a tax at all, but merely a means of fostering industry, believe that it should be gradually dispensed with when no longer needed; whilst those who believe that it is a tax contend that, if sufficient revenue can be otherwise raised with less expense, greater certainty, and an equally general distribution by other means, then, being subject to constant modification, it should gradually disappear. In any case it has nothing to do with either State or municipal government, even if sufficient for national

purposes, and is somewhat foreign to the title of this article. These, then, appear to be the needed scientific changes: the steady concentration of all taxes for local purposes on local real estate, and of taxes for other purposes upon franchises and upon the special powers of corporations.

CHAPTER II

CHARITY, TAXATION, AND PAUPERISM

Hidden causes.—Results mistaken for causes.—Cause of poverty not intemperance, nor ignorance, nor crime.—Taxation the main factor of pauperism.—The plan of charity.—I. Difficulty of finding work aggravated by taxation.—Work scarce not for want of land.—World thinly populated.—The cause : overcrowding.—Hardships of country life, and unprofitableness, drive men to cities.—The remedy : to encourage production of wealth.—Source of wealth.—Taxes oppress the poor.—Rustic occupations would draw off surplus ; raise wages according to their law.—II. Overcrowding.—Its effects.—Charities only increase it.—Fresh air funds.—Horrors of tenements.—Model tenements but increase them.—Soup kitchens reduce rate of wages.—These are a part of charity; no line of demarcation.—Remit fines by taxing real estate only.—And make country life attractive.—This is not socialism.—Competition necessary.—Only abolish bad laws.—Education as a remedy.—The Gospel.—If so, charity wrong.—Lazy charity.—Personal responsibility.—Its consequence.

THE following discussion of the effect of taxation upon pauperism shows how social evils are at least aggravated by present systems of taxation.

Unphilosophical persons look for causes in those things which present themselves most forcibly to the mind, ignoring the hidden but persistent conditions which have, in truth, produced the phenomena They attribute the rain-storm to the thunder-clap, overlooking the natural

processes which really and alone produce the rain. So, too, with pauperism. Various societies seek its cause in intemperance, ignorance, immorality, or crime, and refuse to consider that these things are themselves mainly the result of social conditions.

Of these social conditions, taxes and the laws are the chief factors. Drunkenness is not a cause; it is not natural to ordinary men any more than dirt and disease are. Poor, dirty, and intemperate! Can ten persons in one room be clean? Can a girl be modest in such a state? What relaxation or excitement can a car-driver or a sweat-shop tailor get except by drinking? Where are the clubs of the tenement houses but in the rum-shops?

Ignorance is not a cause: how can a child who must go to work at seven years of age be other than ignorant? Even wickedness is more an effect than a cause. How can a girl grow up pure in a room with five families? How can a starving man keep honest? The wonder is not that men are so wicked, but so virtuous.

Excessive taxation, injudiciously laid, has made indolent paupers of the Turks, who were once a nation so vigorous as to overrun Europe. It has made paupers of the mild East Indians, whose tendencies are so good that crime is hardly a factor. It has pauperized Spain, a nation deeply imbued with religion. It has pauperized Italy, the successor and descendant of the mighty empire of Rome. It has pauperized even the Protestants of

Scotland, and driven the Germans in great hordes from their fatherland. It breeds pauperism in every civilized country. It is the continual dropping that wears away the stone, and if we would save the structure we must find means to arrest the causes of decay.[1]

It is not to be inferred that all charity should be discontinued until we can amend the tax laws, any more than we should discontinue the dams and reservoirs intended to regulate freshets which result only from stripping the country of trees. While the trees are growing, these things are indispensable. But the remedy for an irregular water-supply is the restoration of the trees; the remedy for a wrong distribution of wealth is the restoration of justice.

I. Every practical worker knows that the first difficulty in dealing with pauperism is to find continuous and profitable employment for the poor. For profitable employment, three things are necessary: encouragement to work, profitable work to be done, and a proper place to live while doing it. Our present system of taxation militates against all these conditions. Taxes laid upon personal property tend to discourage the production of it—as the dog tax was, in fact, intended to lessen the

[1] "So exorbitant were these taxes that the husbandmen found it to their interest to let their fields lie uncultivated, as the burdens increased in a greater proportion to the produce than their profits. Hence the agriculture of the Roman provinces was almost ruined, and the rural population, which keeps pace with plenty, gradually diminished." Tyler's History, Book 5, ch. iii., p. 515.

number of dogs. They lessen the amount of work, and finally they so crowd the cities as to make moral and physical health impossible for the worker.

Since only labor and land are necessary for work, and both are present, we must look for the reason why one is not applied to the other. To begin with land: it is not that the earth is not big enough. It is calculated that Europe has a population of but one to every seven acres; North and South America, one to eighty acres; and even Asia, but one man to about thirteen acres.[1] It is not that the earth is all used, but that, in addition to the necessary rent, or to the interest on its cost, agricultural land will not ordinarily yield any taxes whatever and leave the worker more than a bare living. Nor is the field alluring to labor. At the best, the life of a farmer is an unattractive one. There is no eight-hour day for him. His work is from sun to sun, and his wife's work is proverbially never done. His situation is isolated. He is largely cut off from society; and it is not possible, at the average wages of a farm laborer—not over twenty dollars a month and his own board during eight months of the year—that he should support even a small family and make any saving at all. This it is that leads to the overcrowding of cities. This it is that brings a continuous stream of the most energetic into our great centres of population; and this stream, notwithstanding all our

[1] The whole population of the globe could go into the State of Texas, and have less than ten to the acre.

damming and bailing out, will continue to overflow us, until we relieve the farmer from taxes upon what he produces and upon what he consumes, and make it possible for him to accumulate a competence.

We must encourage the production of wealth, if we are to alleviate poverty.

Now, all wealth, and even all capital, comes from labor exercised upon land or upon other natural opportunities; and, as the resources of nature are practically a fixed quantity, any increase of actual wealth must come from labor. All economists are agreed that taxes upon raw materials or upon labor are added, and added with a profit, to the price of the goods produced. These prices, so increased, are paid by the consumers of the goods—the workers, whose work upon the land is the source of wealth.

Nor are these taxes an insignificant factor. A saving of a hundred dollars of taxes per year will make a farmer's family rich and independent at the end of forty years. The little burden is heavy for the little man.[1]

But it may be said that, were the life made ever so profitable and attractive, we could not all be farmers. We do not need to be: farming is but one form of rustic

[1] The land tax, the poll tax, the best tithes of the produce for the priest, twentieths, military service, taxes on consumption, labor on the highways, crushed the peasantry.—Reign of Louis XVI., Bancroft's U.S., vol. vii., ch. 7.

work. There is stone breaking, sand digging, wood cutting, coal mining, barn building, excavating, filling in, lime and charcoal burning, marl mining, sheep keeping, stone cutting, quarrying, brickmaking, seaweed gathering, oyster catching, fishing, clam digging, and you can think of a thousand other occupations using nothing but bare land, which, were they only unimpeded by taxes and restrictions, would drain off a portion of our urban population. Such a drain would raise wages, and, strange as it may appear, raise them without increasing the cost of living, and at the same time it would increase production. For the law of wages is this: Ten jobs with eleven men bring down the wages by competition; eleven jobs with ten laborers raise wages by the same rule. But increased production increases the supply of goods; and when the supply is large, competition always reduces the prices of commodities.

II. The great problem, then, is to check the increase of population in the cities, which makes morality and decency almost impossible. As long as that exists, charity cannot do its full work, nor do it effectively. We may establish numberless fresh air funds, yet the children continue to live and die like rats in a sewer. If they do revive some of the little ones and bring fresh life and health for a year, what is the effect? Still further to increase population in the cities, to make work still scarcer and bread still dearer. We may take them permanently to the country: others are born and live to take their

places. It is draining a sea; such measures can reach, at best, but a small portion of the population. It is said that the Tribune Fresh Air Fund has taken nearly fifty thousand children out for two weeks each in the last five years. Suppose the other funds have done as much; what is it? One in three dies in spite of all this. If their deaths were all, we might pass it over; but think of the slow tortures of the mother who watches, who knows that good air and food are the only medicines needed, but that they cannot be had. Think of the children who do not die; who live, crippled, scrofulous, stunted, miserable, unclean, vicious—the results of overcrowding.[1] We may build model tenements, but we only make city life more attractive and induce still further overcrowding. We may pull down old rookeries, but the people in them must still further overcrowd the adjoining houses. We may furnish free eating-houses and coffee-houses, we may have soup-kitchens and various means of relief, but, so long as we have the glut of the labor market, we but make living cheaper, and enable the workman to offer his services in competition for what will afford him a bare and degrading means of keeping body and soul together. Nay, we bring in more people willing to work, to marry, and raise up children—or, God help them! to raise up children without marrying—because when work or wages fail,

[1] In 1891 the Bureau of Vital Statistics reported that there were in New York City nearly 150,000 children under five years of age living in tenements.

they have the soup-kitchens. For where there are more workers than can be employed, they must bid against each other for the work, and they will get the job who can exist upon the least pay.

We cannot shut our eyes to these things by thinking of charity. The lines of charity run close to the lines of sociology. Prisons should be well conducted, and prisoners treated humanely: that is political reform. The prisoner should be taken care of when he leaves till he can get work: that is charity. Women should not be barred from the privileges and wages of men: that is politics. But to set women to compete with the wages of men in an overstocked labor market piles yet harder work upon the hands of charity: that is economics. One thing affects the other. When we make foolish laws, we find that we have to provide hospitals, dispensaries, asylums, homes, refuges, meals—free, and at an enormous expense, and all to do those things which men would do of themselves, and do under healthier conditions, did we but let them alone and leave to them the sums which we now take from them in taxes.

We must remit the fines for giving work—fines which we call taxes upon productive capital. We must remit the fines for doing work—fines which we call the farmers' taxes. Remit all the taxes on personal property, which only the farmer pays—pays because he alone cannot hide his personal property, which consists of cattle or machines or crops—but which are a mere threat to the

owner of notes or bonds or diamonds, because these things are easily concealed.

Raise the revenues by taxing real estate, which is very valuable in the cities and of little worth in the country. Tax only what everybody uses, what all can see, what any one can value. If we would keep people away from the towns, we must make life in the country less burdensome, and work in the country more remunerative.

III. This tax on real estate alone, is no socialistic scheme. It is not proposed to abolish all poverty by a reform which consists in ceasing to tax the very poorest out of the small earnings which they might otherwise save. Nor is it a plan to do away with competition. Competition with its great rewards and fearful punishments, which make men do their best, is necessary and inevitable. Harsh as the law of the survival of the fittest may appear, it is a law. Much, however, of involuntary poverty is the result of unwise and cramping laws, and may be and should be alleviated by repealing such laws, not by making new ones.

Many will not agree to this, thinking that education is the sovereign remedy: so it may be, in the long run; but, for the present, education but makes a less contented man or a more dangerous criminal.

Many religious persons think that nothing but the Gospel will help; that all poverty is due to original sin; that God's grace is the sole relief. And this seems to be the view taken in the Pope's recent Encyclical on Labor.

If that be true, we should refrain entirely from charities, lest we should seem to war with God. But the people give a truer answer: we must work with God; we must practice charity intelligently. When we see a wretched beggar, it is easy to give him a penny to still our own conscience, and to go away with a false and degrading sense of virtue. We have done no good. Our duty is to look him up, to look after him, even to expose him if necessary. But to many of us, that is impracticable. Then, we must organize, and attack the roots of the evil.

Do not pass this by, thinking it is a matter for those who study political economy to decide. The community lays the taxes; you are a part of the community. If the taxes are not just, they are unjust. If they are unjust, they are theft—for which you are partly responsible. You cannot shirk this responsibility, standing by, consenting to the death of those whom thieves strip. There is a terrible sense, as well as a tender sense, in which it will be said, "Inasmuch as ye have done it unto one of the least of these my brethren, ye have done it unto Me."

CHAPTER III.[1]

HOW TO DO IT.

A popular vote against taxing personal property.—The Linson bill of 1891, and what its effect would have been.—Effect of taxing indebtedness.—Examples.—Taxing capital drives it away.—Injury of this.—Self-imposed restrictions to successful competition.—To tax loans is to tax the borrower.—This is from the nature of things.—The effect of this on financial institutions.—The Chamber of Commerce took this ground.—The law on taxing fictitious property tried.—How the tax is shifted.—Charged over with a profit.—Unavoidable.—How personal property escapes.—The mortgageor protects his money.—Still the "hayseed" will try to catch it.—His success.—Poll taxes.—The conclusion of the State commissioners.—A better way.—Tax real estate rental values, which are an indication of wealth, better than income tax.—Indorsed by Mill.—Personal property causes these values.—Application in New York State.—Effects.—Would relieve rural communities.—Clever to get cheated.—All will contribute.—Should not contribute twice.—Objections answered.—How our present way affects builders.—How to assess.—Assessors' oaths.

ONLY one who is in close touch with the farmers can realize how deadly in earnest they are about taxation.

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[1] The material for this chapter is mostly taken from the Report of the Tax Law Revision Commissioners, David A. Wells and others, appointed by act of the legislature of the State of New York, in 1870. The chapter gives the leading points of the argument. It is believed that every argument is presented in some part of this volume, some of the matter being almost directly quoted.

This subject could be slighted in a young community with abundant natural opportunities open to it, but now the increasing weight of the burden which results from more complex social needs all over the world forces it upon the attention alike of city and country.

The rural community finds that it is suffering, even oppressed, and it hunts blindly but desperately for a remedy, now in coinage, now in anti-trust laws, now in combination, at last in taxation.

It has already once passed upon the proposition to tax personal property. This was under a submission to the people of an amendment of the Constitution, by the act of the legislature of April 24, 1869. This was voted upon separately and independently, with an apparently full understanding that the effect of its adoption would be to discontinue the allowance of indebtedness as an offset against the value of any property for the purpose of assessment and taxation. The proposition was sig nally disapproved by a plurality of over 273,000, out of a vote of more than 450,000. The counties of Sullivan, Oneida, Fulton, Hamilton, Chemung, Clinton, Columbia, Delaware, Genesee, Herkimer, Lewis, Niagara, Dutchess, Orleans, Oswego, Richmond, Rockland, Saratoga, Schoharie, Schuyler, Ulster, Wayne, and Yates contributed most largely to this decision of the people.[1] Neverthe-

[1] The Tax Reform Association caused a petition to be circulated in 1891, which seems to show that at least in New York City the popular verdict is still the same. It is as follows:

less, this was the proposition which was brought forward again under the most specious disguise, in the legislature of 1891, under the name of the Linson bill.

This bill, which seemed to have a fair chance of passing as a mere reënactment in that legislature, was the same as the existing tax law, with the one exception that the paragraph allowing the deduction from the assessment on personal property of all just debts owing by the person taxed was to be stricken out by a slight amendment. What the effect of this would be is shown by the following example: The merchant having $100,000 in capital, and a stock of goods worth $500,000, would be assessed upon $600,000. Now, the rate of taxation in New York City for last year was $1.90: accordingly the amount which the merchant would have to pay would be equal to 9.40 per cent. upon his capital; in Albany, with a tax rate of $1.74, it would be 10.44; in Rochester, 12.00; and

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"The undersigned respectfully request their representatives to vote for a law in accordance with the following principles: (1) This county should bear its fair burden of the taxes, and should collect them whichever way it thinks best. (2) Stocks of merchandise, money owing or used in business, should not be taxed, because honesty and trade should be encouraged. (3) The consumers pay the taxes, and every one should know how much he has to pay and what he pays for. (4) Taxes should be mostly on real estate, because these taxes cannot be dodged and are least hard on the industrious."

This was circulated in a way believed to be new—it was presented to every shopkeeper on both sides of Third Avenue, from Forty-second to Forty-seventh Street; of Sixth Avenue, from Thirty-third to Forty-second Street; and in Broadway, from Twenty-fifth to Thirty-second Street. About ten per cent. would express no opinion, but of the remainder not two dozen declined to sign it.

in Brooklyn[1] the percentage would reach 15.66, instead of 2.56 as now. The New York Park Bank, with a capital of $2,000,000 money, and securities in addition for more than ten times that amount, would be taxed upon all these securities, making a total of say 20.9 per cent. on its capital. In other words, such a bill, if enforced, would drive out of business or into other States every bank now operating in the city and State of New York.

The withdrawal of any money from active circulation in the business of improvement of a city, induced by taxation or any other cause, is an injury to its inhabitants of all conditions in life, whether they be employers or employed, not only depressing existing operations, but causing a limitation of their extension and advancement.

If the effect of an actual and direct taxation of bonds, stocks, or other evidences of loans, is to drive them from the jurisdiction of the State (as undoubtedly would, to a great extent, be the case), then, it may be asked, is not the State subjecting its citizens to restrictions more onerous than those to which the citizens of any foreign or some kindred States are subjected? Is not interference with the movement of capital, in the end restrictive of development? Is not the State, in substance, saying

[1] Brooklyn assesses each ward separately at a different rate, varying from about 2.42 to 2.63 per thousand, according to the amount demanded for improvements in that ward. The above rate, therefore, is the average of real estate for 1891.

to itself and to its railroad and other corporations: You must not borrow money for works of public necessity or utility in the home market; or, if you do borrow, you must either directly or indirectly pay an excessive interest? If such interest is paid, does the public gain anything? Does it not put into one pocket only so much as it takes out of the other, less the cost of collection, and at the expense of frightening away its customers? The prediction is often made, and the hope indulged, in view of the immense natural resources, the increasing wealth and population of the United States, and of the westward march of empire, that New York City will become at no distant day the moneyed centre for the civilized world. But this can never be so long as New York imposes upon the concentration and movement of active moneyed capital restrictions that are not imposed in other and financially competitive nations. If, for example, a Mexican or a British colonial railroad or state improvement loan were offered in the New York market, it could not be taken here, because the State taxation of to-day would, of necessity, require New York bankers and capitalists to demand nearly fifty per cent. more interest than would be asked by their foreign competitors. Is it not time, therefore, that we put an end to such predictions of our future, and to such boasts of what we are going to do, and rather set ourselves to work practically to consider what stands in the way of our doing; and whether, with freedom continually upon

our lips, we are not continually sanctioning laws and practices not only inconsistent with freedom, but obstructive of growth and development?

Business is founded on credit, on borrowing; but to tax indebtedness is to tax the borrowing. If any one doubts that a tax on indebtedness is a tax upon the borrower, or the property which the indebtedness covers, that question can be easily decided by an honest uniform tax on all State, county, town, and city bonds hereafter issued, by making them all subject to an annual tax of one, two, or more per cent., and by providing that the tax shall be deducted at the time of the payment of the interest. Is there any one who believes that these bonds will sell in the market at the same rate that they would command if, by law, they were free from taxation?

We can also test the effect of an honest uniform tax upon mortgages, by providing that mortgages hereafter made shall operate to reduce, for assessment, the valuation of the land mortgaged to the amount of the mortgage, and that the mortgageor shall pay the tax on the mortgage, and deduct the tax from the principal or interest when paid to the mortgagee. But who believes, under such a law, with the legal rate of interest at six per cent., that any money would be loaned on mortgages in this State?

It needs no argument to show that a system of onerous taxation of mortgages must have a tendency to re-enact the Roman policy, and in time we may thus see

our State cultivated by a dependent tenantry, and owned by a few capitalists; and it ought not to escape attention that this very transformation has already occurred to a great extent in New York City and other cities. Capitalists and institutions (except life insurance companies and savings banks, whose loans alone are free from taxation) will not loan on mortgages, but buy real estate and lease it for a term of years, because this investment pays a higher rate than money loaned on mortgage subject to the contingency or reality of taxation. The effect of the present law, even partially or loosely executed, has changed the form of investment, but has not prevented capitalists from obtaining the average rate of profit of investments.

The experience of New York in taxing mortgages is exactly what might have been expected. Capital which formerly found its way into real estate mortgages is now directed into other channels to such an extent that, were it not for trust funds, much of which must be invested in mortgages, and for the law which exempts the mortgage investments of savings banks and life insurance companies from taxation, and compels those institutions to invest a part of their capital in such securities, money could not now be obtained in New York for the improvement of real estate on pledge of the property.

It was formerly common to provide in wills, that property bequeathed, or to be held in trust, should be invested in mortgages. This is much less frequent now;

while executors and trustees are forced, when a mortgage is taxed, to change the investment.

In one instance, a board of assessors frankly said that their feelings as men would not allow them to assess mortgages according to the provisions of the law, when they knew that by so doing they would deprive dependent persons of almost their whole income. In another case it was pleaded that the interests of a city would not allow its assessors to tax its local mortgages, since so doing would inevitably restrict growth of land improvement, and since such growth was absolutely necessary in order to prevent the rate of taxation from becoming unbearable on account of annually increasing expenditures.

The New York Chamber of Commerce, as far back as February, 1870, in accordance with the recommendation of a special committee appointed to examine the question of taxation upon mortgages, addressed the following petition to the legislature:

"The Chamber of Commerce of the State of New York respectfully petition your honorable bodies to enact a law uniform in its applications throughout the State, exempting from taxation all bonds and mortgages, and liens on real estate when the real estate has been taxed at its full assessed value, for the following reasons:

"First, The property, having been once assessed, cannot be justly taxed a second time.

"Second, The present mode of taxing real estate in the first instance for its assessed value, and afterward the

debt created by the mortgageor as a lien on the same for the money borrowed and used by him in the purchase and improvement of the real estate already paying its fair proportion of the expenses of State or municipal government, is unfair and unjust, because one kind of property is thus compelled to pay a greater tax than another kind of equal value.

"Third, It is unfair to the development of the real and material interest of this State, because it holds out strong inducements to capitalists to invest their surplus means, either in United States bonds, which are entirely exempted from tax by Federal laws, or in railroad bonds, State bonds, or on mortgages on property in other States, which are exempted by their local laws from taxation.

"Fourth, It cripples enterprise, prevents the mechanic from obtaining full and profitable employment, in consequence of the difficulty experienced by persons of limited means in borrowing from capitalists, who refuse to lend on mortgage because they are at once taxed on the amount whenever, for their own security, they have placed it on record in the office of the county clerks. Besides this, the present law discriminates against persons residents of this State. If they lend on bond and mortgage they are taxed upon the amount, while a resident of a neighboring State can lend money on the same property and entirely escape taxation in this State.

"And last, this taxation is really borne by the debtor and working class of the community. It is notorious

that it is difficult, almost impossible, to obtain money on mortgage at seven per cent. per annum, when mortgages of undoubted character can be largely purchased at a discount of three or five per cent. per annum, the capitalist thus compelling the debtor to pay the tax. Thus, while the best security known—that of a lien on real estate—should command money at the lowest rate, it really has to pay the highest, in consequence of the operation of unjust laws."

A strong comment on the taxation of indebtedness is embraced in Justice McKinstry's opinion in the case of The Hibernia Savings and Loan Company *vs.* The Assessors, etc., as follows:

"Supposing that the necessities of government required a tax of one hundred per cent. on all values, or—what would be the result of such a tax—an appropriation of all the property in the State, it is plain that the State would receive no benefit from evidences of debt due by some of her citizens to others, and payable out of the tangible property which the State has already taken.

"The legislature may declare that a cause of action may be taxed, but a cause of action cannot pay the tax; and this because it has, and can have, no value independent of the tangible wealth out of which it may be satisfied.

"It may not be possible in every case to show that the debtor has paid the tax assessed to his creditor. But it admits of mathematical demonstration, if other property in the State has been assessed at its value, that the

money which shall ultimately satisfy the debt (if it ever is satisfied) has paid the tax. If it were practicable to assess all the property in the State at the same moment of time, it would be clear to every mind that an assessment of a credit was an attempt to transfer to it a value elsewhere assessed. If a debtor were found to be the owner of one thousand dollars and is assessed for that sum, and his creditor is found to be the owner of his note for one thousand dollars and is assessed for a like sum, and if the day after the visit of the assessor to the creditor the debtor shall pay his note, it is clear that the same value has been twice taxed; since the debtor has parted with his money, and received only that which is certainly not taxable property in his hands, and which can never afterward be assessed. When a debtor pays his debt, he does not abstract or destroy any portion of the taxable property of the State; the aggregate of values remains the same."

Chief Justice Wallace, in the same case, says:

"Suppose, were such a thing possible, that the entire tax rolls exhibited nothing but indebtedness. Taxation under such circumstances would, of course, be wholly fanciful, as having no actual basis for its exercise.

"Those who possess capital not invested in business enterprise, and do not seek foreign investment, can easily escape taxation within our own boundaries, by the purchase of United States bonds, Pennsylvania State loan, and Philadelphia city loan (untaxable), or reimpose

the tax on real estate owners by investment in bonds and mortgages and ground rents, with agreements and covenants that the borrower or covenantor shall pay all taxes levied and assessed upon the principal, interest or rent. . . .

"Most of the capital at interest, held by those not engaged in active business, will, under the pressure of taxation, seek compensation by flight or investment in these securities, and the weight of the levy would fall in New York on capital in business."

No ingenuity of legislation can force the lender to pay the tax on the money loaned. It surely falls on the borrower. If it could be done in any case, it would be in that of mortgages which depend for their validity upon public record. Massachusetts has a law intended to tax mortgages. The result is that the common form of Massachusetts mortgage provides that "the mortgageor shall pay all taxes and assessments to whomsoever laid or assessed, whether on the mortgaged premises or on any interest thereon, or on the debts secured by the mortgage." Other States have tried the same thing in various forms, and there is some demand from the unreflecting countrymen that New York should make a "horse-high, ox-strong, and chicken-tight" legislative fence against such evasions. One of the ways adopted by the title guarantee companies to avoid such a danger appears in their ordinary and regular form of mortgage, which reads as follows:

"It is agreed that if any owner of said land, or any party liable under this mortgage, shall cause any holder of this mortgage to pay any tax on said land, or on said mortgage, or on the debt secured thereby, or shall deduct or seek to deduct from or set off against any principal or interest due on this mortgage any such tax or any tax paid, or if any law shall be made in the State of New York, deducting from the value of land for purposes of taxation any lien on it, the debt secured by this mortgage shall become due at the option of the holder of this mortgage."

So that if any such law is passed, and the lender were compelled to pay once, or if there is ever any attempt to make him pay, lo! the mortgage is due at once and the money loaned will take to itself wings and fly to a less rigorous climate.

Will even the audacity of ardor and ignorance, fettered by the constitutional prohibition of interference with freedom of contract, venture to suggest a countercheck to this provision? Would it not be more reasonable to do as many counties in Pennsylvania and New Jersey did more than twenty years ago—to ask the legislature for power to exempt mortgages from taxation within their own boundaries, and to find out by such a county option law whether this exemption would reduce our rate of interest for mortgages as it did theirs?

The advocates of the "Listing" bills would tax primarily everything to the lowest atom; first for national purposes, and then for State and local purposes, through separate boards of assessors. They would require every

other man to be an assessor or collector. It is not probable that the work could then be accomplished with accuracy. The average consumption of every inhabitant of this State, annually, is at least $200, or in the aggregate say $1,200,000,000; and this immense amount would fail to be taxed if the assessment was made at the end of the year, and not daily, as fast as consumption followed production. All this complicated machinery of infinitesimal taxation and mediæval inquisition is to be brought into requisition for the purpose of taxing "money property," which is nothing but a myth. The money lender parts with his property to the borrower, who puts it in the form of new buildings or other improvements, upon which he pays a tax. Is not one assessment on the same property sufficient? But if you insist upon another assessment on the money lender, it requires no prophetic power to predict that he will call in his money and add the tax in his future transactions with borrowers. If a tax of ten per cent. was levied and enforced on every bill of goods, or note given for goods, the tax would be added to the price of goods, and how would this form of tax be different from the tax on the goods?

The conclusions of the commissioners were in substance that we should: First, Provide for the taxation of all corporations created which are in the nature of a monopoly. Of such corporations the gas company is the type. It has practically no competitor in its district, and the amount of capital involved, the preoccupation of the

streets, and the certainty of disastrous competition oppose the establishment of other companies. Second, Tax land, exclusive of buildings, at a uniform valuation of fifty per cent. of its true market value. Third, Tax the buildings at their full market value. There would be more than sufficient to defray all proper expenses of local government.

Some advocate a poll tax of say a dollar, as a condition of voting. So small an amount might seem to be a trifle to the industrious; but it is hard enough to get men to vote any way, so much so that many propose penalties for not voting, and we must remember that many, even those who are indolent and sluggish, may be quite capable of making a good choice of a representative. They may also be poor, and that dollar, which is not worth considering for the millionaire, may be a real obstacle in the way of their exercising the franchise. Whilst it is true that every man has but one vote, and that the vote of the man who has nothing may cancel that of Mr. Gould, we must not forget that Mr. Gould's wealth and position give him an influence entirely disproportioned not only to his vote, but to the dollar which you would charge him. He controls thousands of votes.

The poll tax law is in operation in Pennsylvania, and by the buying of poll tax warrants forms one of the most powerful instruments of corruption in the hands of the machine. This subject is fully discussed in Ely's "Taxation of American States and Cities."

As for laws prohibiting the sale and buying of votes,

with the corrupt machine and a district attorney nominated by it, such laws become dead letters. It seems that the beautiful faith in the power of conscience is better adapted to the Church than to the arena of politics. If the Lord takes vengeance upon all those who dodge their personal taxes, the city of New York will be worse off in the day of judgment than Sodom and Gomorrah; perhaps not even five just men will be found to save the city.

The commissioners appointed in 1871 by Governor Hoffman to revise the tax laws of New York assert that they have demonstrated the inconsistency, inexpediency, and impracticability of many of the existing laws imposing taxes directly on personal property; and also the uniform failure of the system as a whole, wherever it has been adopted. The answer usually made, however, to any proposition to sweep away, as other nations have swept away, such a system, is, that it is right that all persons and all property should bear a proportionate burden of the taxes necessary to the administration of the State; that although what the commissioners have alleged may be true, yet a considerable amount of taxes is collected in any circumstances from personal property; and that, to the extent to which they are collected, the burden is proportionately lightened on real estate. The question therefore is: Can the present imperfect system be swept away, and personal property at the same time be made to sustain its equitable and proportionate share of the public burdens?

To this the revision commissioners of 1870 reply unqualifiedly in the affirmative, and for the following reasons:

Every person possessed of personal property, unless he convert such property into money and refrain from all use of it, affords some sign or index of its possession. What is that sign?

At the beginning of the seventeenth century, the same system of indiscriminate and general taxation for local purposes now existing in the United States prevailed in a greater or less degree in England, France, Belgium, and Holland. In those countries experience gained through years of practice, assisted in some by a despotic administration, has led to the conclusion that the rental value of houses or other occupied buildings is the most certain index of the value of the personal estate of the owners or occupants, and is also the best measure of a citizen's income and ability to pay taxes that can be adopted.

Discussing the incidence of local taxation upon house rents, Mr. John Stuart Mill, in his "Principles of Political Economy," says that "No part of a person's expenditure is a better criterion of his means, or bears on the whole more nearly the same proportion to them, than the rent he pays, or the rental value of the house and land he occupies." Mr. Mill says:

"A house tax is a nearer approach to a fair income tax than a direct assessment on income can easily be,

having the great advantage, that it makes spontaneously all the allowances which it is so difficult to make, and so impracticable to make exactly, in assessing an income tax; for, if what a person pays in house rent is a test of anything, it is a test not of what he possesses, but of what he thinks he can afford to spend."

The market value of real estate is always proportionate to, and dependent on, the amount of personal property, or rather productive capital, placed upon it or in its immediate vicinity. Land in itself has originally no value, as it cost nothing to any man to produce it. If there is no personal property or productive capital connected with it, or reflected on it, it will not sell in the market, or will bring only a nominal price. If by chance any buildings should be connected with such land, they will possess no rental value. Only as personal property, or productive capital, is brought in connection with real estate does its value become appreciable and augment.

Applying, practically, to New York State the proposed system for taxing personal property through buildings or rentals as its representative, we should find that the aggregate of taxation would be the lowest in the most sparsely settled agricultural districts of the State. Property here is mainly in land, whose low marketable value would be still further reduced on the tax list, if a valuation of sixty per cent. were taken as the standard for assessment. The marketable value of the buildings also is small; and what should be especially borne in mind is

that here, and in fact in all the agricultural districts, the value of the buildings is usually much less than the value of the land with which they are connected. As we leave the sparsely settled agricultural districts, and rise through the more densely populated portions of the State, from the villages to the towns, from the towns to the cities, and from the cities to the great metropolis of the continent, we shall find that the value of land, of buildings, and the aggregate of taxable valuation will increase as the amount and accumulation of personal property increases, until land and buildings attain their greatest market and tax value in Wall Street, Broadway, and Fifth Avenue, where the accumulation of personal property is the greatest. Starting at the bottom of our scale, with the value of land greatly in excess of the value of the buildings connected with the land, it is to be observed that this difference gradually diminishes as we progress upward through the more densely populated districts, until in the cities the value of the building often greatly exceeds the value of the land on which it is situated.

Under the proposed system, the agricultural districts would, as now, pay the smallest proportion of the aggregate taxes, and the towns and cities the largest; yet there would be no injustice, but, on the contrary, one uniform, equitable rule of valuation and assessment.[1]

[1] "Land has no real value of its own ; it cost nothing to produce ; but since the laws have endowed it with the vital principle of wealth by subjecting it to individual ownership, it can no longer be obtained without giving

Few realize, when they think their neighbors smart for swearing off their personal or other taxes, and laugh at it as a good joke, that, since the aggregate of taxation is a fixed amount, every man who swears down his fair share becomes thereby an assessor of all his neighbors. What he does not pay, although he ought to pay it, or what he thinks he ought not to pay, must be paid by some one else. Were this considered, most men would surely prefer to pay a disinterested assessor of their own selection rather than to be assessed by every dishonest man in the community.

The attempt to assess everything vitiates census reports and commercial statistics, because they make it seem undesirable for a merchant to contradict for the information of a bureau what he has sworn to for the information of the assessor. Nor does any argument convince the uneducated that questions asked about their means will not be used as the basis of a charge by a government which assumes to tax everything.

The Report of the Law Committee of the Common Council of Philadelphia, presented February, 1871, says, touching the incidence of taxation:

"All taxes imposed upon property, real or personal, will, if possible, be reimposed by the tax-payer upon the consumer of the article taxed, and, if practicable, a profit

in exchange for it an equivalent portion of the capital present and designed to concur with it in the production of wealth."—"Treatise on Political Economy," George Opdyke, pages 89–91; G. P. Putnam's Sons.

will be added to it. It is cheaper for consumers to pay the tax upon one than upon six articles. In cities, every person, either as tenant, owner, or boarder, must contribute his or her portion in the taxation of real estate. While absolute equality can never be obtained, in rating it according to value, the occupant of a dwelling valued at $60,000 pays sixty times the tax that is received from a $1,000 house, and business contributes directly by the occupancy of stores, warehouses, and factory buildings."

At present our tax law is carried out in this way: A New York builder buys six lots, say at Ninety-third Street West, for $10,000 each, assessed for the purpose of taxation at 40 per cent. (the average for vacant lots), or $4,000 each; the tax of 2 per cent. equals $80 each. He builds flats on them, costing for material and labor $17,000 apiece; total, $27,000 per house. On this he puts a profit of 10 per cent., which makes the selling price in round numbers, $30,000. Now, our benign assessor values the whole for taxation at 55 per cent., the usual rate for improved property—that is, $16,500 each house; and we tax each house 2 per cent.—that is, $330. The result is a fine, for furnishing homes to a dozen families, of $250 a house, or $1,500 for the six—nearly 10 per cent. of his longed-for profit. Even if he is lucky and sells before the tax becomes a lien, it is considered in and practically deducted from the price he can get; but generally he trades it off, and, having succeeded in that quarter, he wants to buy the next lots. He offers to take those two

at $10,000 each. Oh, no! the improvements in the street (fine neighborhood now), his own and others, have raised the price to $12,000, or 20 per cent. gross advance on the speculator's vacant land, and 7 per cent. on our apartment-house. Either he must pay this extra $2,000 or make a new experiment by seeking a new field.

The inaccuracy sometimes complained of in the assessments of real estate comes from the loose way in which assessments are made for the purpose of taxation. There is little difficulty in determining what the actual value of a vacant lot of ground may be, because vacant land is as staple a commodity (if it can be called a commodity) as anything which may be offered for sale. The cost of the house also is readily determined by the estimate of any competent builder; and if there should be any deduction for wear and tear, or unsalable character, it should be made on the house alone. Every appraiser of real estate thus separates the value of the building; so does every assessor—that is, excepting the tax assessor.

In Massachusetts, Minnesota, and California, and in some other States, the land and buildings are actually separately assessed in this way. Even there, however, there is some complaint of unequal assessments; but this is not from the nature of the case, but from the fact that a custom has grown up among the assessors deliberately to undervalue the real estate, in direct contravention of the oath which, at least in New York, is required of them, viz.:

"We.....do....severally swear that we have estimated the said real estate at the sums which a majority of the assessors have decided to be the full and true value thereof, and at which they would appraise the same in payment of a just debt due from a solvent debtor, and also that the said assessment roll contains a true statement of the aggregate amount of the taxable personal estate of each and every person named in such roll, over and above ....., at the full and true value thereof, according to our best judgment and belief.

"And every assessor who shall wilfully swear false in taking such oath shall be deemed guilty of and liable to the penalties of wilful and corrupt perjury."

To correct such abuses would be enough to occupy the "Board of Equalization," even when relieved of the impossible task of estimating the amount of habitual perjury in each section, so as to assess the full proportion of chattels and land to each county.

CHAPTER IV.

THE COLLAR-BUTTON SYSTEM.

Why so called.—Bill of 1884.—Abstract of a listing bill's iniquities.—Judge Arnoux' argument.—Contrast between the system of taxing everything and that of taxing a few articles of general use.—City and country contrasted.—To tax personal property would not relieve real estate, and so on.—The *Sun* on enforcing a bad law.—Letter of a victim.

THOSE who believe that the only just system of taxation is one that seeks to lay the burdens of government upon every form of property, visible and invisible, have succeeded in fixing upon some of the States legislation looking to this end. Such legislation is usually called a "listing bill." It has been called the "collar-button system," because one of its warmest advocates said that he would tax everything, down to the cheapest collar-button. Such a bill was before the New York legislature in 1884, and was bitterly opposed by some of the most intelligent men in the State. Judge William Henry Arnoux and Mr. William H. Parsons appeared in opposition to this bill, April 10, 1884, before the Senate's Committee on Taxation. This bill was, and all bills of this character are, substantially like the following, which was introduced in 1892.

It provides:

"That the Tax Commissioners shall find, before March 1, the number of taxable inhabitants, copartnerships, corporations, and associations liable to taxation, real or personal, and report them to the Comptroller of State, who shall furnish blanks to all taxable persons or parties, on which all parties shall make oath: What real estate they own, and where located; what debts lie against the real estate, and the addresses of the holders of the debts; the aggregate value of each class of all personal property owned, 'wherever situated,' including money, deposits in banks, bonds, mortgages, promissory notes, certificates of stock, book accounts, and solvent debts; what debts lie against the personal property for which deduction is claimed, and to whom they are due; what real estate is held as executor, trustee, guardian, etc., and the names of the parties for whom it is held, and the amount and owner of any lien thereon; the aggregate value of each class of personal property held as executors, etc., 'wherever situated or loaned,' including money, deposits in banks, promisory notes, securities of all kinds, and solvent debts due or unpaid, and debts owing by such estate.

"The above statements to be made under oath before April 25, and to be at once filed in the Tax Commissioners' office; the oath to be taken before any officer authorized by law to administer any oath. In case of failure of a taxable party to file inventory, the Tax Commissioners are to present him with a blank, which must be filled out at once, and oath taken that it is correct. The Tax Commissioners shall make copies of all inventories, and deliver them to the various assessors.

"The assessors 'shall use the copies of the inventories to aid them more fully in ascertaining, than heretofore, the taxable property, and to whom the same shall be assessed.' (Under the decision in Luckmeyer *vs.* Coleman, New York Supreme Court, November, 1891, they can go behind the returns.)

"In case of failure to file or make inventory, or omission to state therein all real and personal property, 'the assessors shall, to the best of their ability,' ascertain the amount of the property (personal and real) 'omitted from the inventory filed and liable to assessment and taxation therein, and shall double the amount thereof as the assessment of such property for such taxable year,' unless it can be shown that the failure to file the inventory or the 'omission' was not done with intent to evade the provisions of this law.

"Whoever files a false inventory (of real or personal property) and makes oath thereto shall be guilty of perjury and punished accordingly; refusing or omitting to make an inventory will be a misdemeanor, and shall be punished accordingly."

Judge Arnoux, as spokesman for the visitors, said:

"Mr. CHAIRMAN:

"With Mr. Gardner, our secretary, representing the Board of Trade and Transportation of the City of New York, and with others, I appear before this honorable committee to oppose the passage of a bill introduced by the senator from Buffalo, and designed to compel merchants, manufacturers, traders, and others to pay taxes on all goods in their possession, without regard to the indebtedness of the owners thereof.

"The true title of this bill should be 'An Act to discourage Commerce and Manufactures in the State of New York,' and such will be its effect. The Board of Trade and Transportation has a membership of one thousand merchants and mercantile firms, who are unanimously opposed to this bill, and who believe that its pas-

sage will be detrimental if not disastrous to business in New York City. The tax there varies from 2½ to 3 per cent. On a firm carrying a stock of half a million of dollars, this would impose a burden of from $12,000 to $15,000, the result of which may be inferred from a statement made to me to-day. 'I am a manufacturer of gang plows,' said my informant; 'my establishment is in the interior of this State, and we sell our plows in all parts of the United States, and particularly in California; pass this law, and we will remove to Pittsburg.' Many of our large manufacturers now find it to their interest to have their factories in Jersey City. Pass this law, and the number will be largely increased. How suicidal will such a policy be! We have in this State the most magnificent harbor on the western coast of the Atlantic Ocean, and one of the finest in the world. But with such hostile legislation as this that you propose, it will be difficult, notwithstanding our natural advantages, to maintain our commercial supremacy. Boston, Philadelphia, and Baltimore are increasing in their foreign commerce more rapidly than New York, while Chicago, St. Louis, and Cincinnati are formidable competitors for the Western and Southwestern trade, and with every added burden we will be less able to cope with them."

Senator MURPHY: "Do you mean to say that Baltimore, on a river a hundred miles from the sea, can rival New York?"

Judge ARNOUX: "I mean to say that the foreign com-

merce of Baltimore in the past three years has increased at a much larger ratio than that of New York."

Senator MURPHY: "That is because of the terminal facilities that Baltimore affords the Baltimore and Ohio Railroad."

Judge ARNOUX: "Exactly so. While we adopt a policy of taxation that restricts and diminishes our commerce, Baltimore, by a wiser and more enlightened policy, stimulates hers, and with excellent results. This is the policy that built the Erie Canal and fostered the trade of New York half a century ago, which you now propose to overturn.

"Now, gentlemen, this proposed law is a step in the wrong direction, because, instead of increasing the taxation on personal property in general, it should be your effort to relieve it altogether. It is unfortunate that the division of property which the law has made into real and personal property should have been adopted in taxation, for the varieties of personal property make it unwise to put them all in the same category. Tax specific property, and then you will act wisely. You have commenced this by taxing corporations in franchise and in income; you have followed that by taxing collateral inheritances; you can add to that a proper excise tax: and from these four sources—real estate, corporations, collateral inheritances, and excise—there should be a sufficient revenue for the wants of this State, if its affairs are administered with prudence and economy.

"There are two systems on which governments proceed

in taxation—one, to tax everything, on the principle of making all contribute equally; the other, to tax a few articles and to relieve all others. Great Britain has tried and discarded the former, and now pursues the latter. Her political economists have planned, and her officials have put in practice, a system that enables her to collect a large revenue, and leaves her commerce unrestricted. As a consequence, the whole world pays tribute to England. Out of a revenue of £73,000,000 she collects from £30,000,000 to £35,000,000 from liquors alone; tobacco pays the next largest share of customs, and of internal taxes the income tax is the largest. Recognizing that the prosperity and greatness of a nation must eventually rest upon its manufactures and commerce, we can wisely profit by England's example. The fundamental principle there is to levy taxes where they can be certainly and economically collected, and where the class can be equally taxed. As no tobacco, for example, is grown in Great Britain, none can escape contribution except what is smuggled; and that, in the nature of things, with vigilant and competent officials, must be very small.

"A brief review of the facts shows that the principle adopted here is a lamentable failure. Some gentlemen who have preceded me have divided personal property into visible and invisible property, and a most excellent description it is. Now, by reference to the report of the Comptroller, for the year 1883, I find that all the assessable *personal* property in this State was:

In the year 1869	$307,349,155
In the year 1883	315,039,085
An increase in 14 years of	$7,689,930

"On the other hand, from the same report, the assessable value of the *real* estate appears as follows:

In the year 1869.....	$1,097,564,524
In the year 1883.....	2,557,218,240
An increase in 14 years of	$1,450,653,716

"In other words, the increase in value of the real estate has been over 189 times that of personal property in that time! Is there an intelligent man who does not believe that the increase of personal property has not been as great as, if not greater than, that of real property? Invisible wealth has escaped taxation.

"Let us make a little closer inspection. In 1883 the assessed personal property was:

In New York.....	$197,546,495
In Brooklyn (Kings County)	13,317,550
In Buffalo (Erie County)	10,688,670
Making a total in the three cities of	$221,552,715
And leaving for the rest of the State	$93,476,570

"Only four other counties, Albany, Dutchess, Onondaga, and Orange, return over $5,000,000; fourteen counties return less than $1,000.000; and one county (Hamilton), only $1,550. If report speaks truly, two men in

the city of New York are worth more than New York City's entire taxable personal property, and half a dozen men in New York are worth more than the State's.

"The absurdity of these figures, as a just statement of the real value of the personal property in this State, will appear from the United States census of 1880, in the table of cattle, etc. Assuming that the assessments will be made in the springtime, after the cows have been wintered and before the sheep have been sheared, the estimates of value have been given by one of our farmers:

Horses, 610,358 at $100	$6,103,580
Mules, 5,072 at $20	101,440
Working oxen, 39,633 at $50	1,981,650
Milch cows, 1,437,855 at $50	71,894,275
Other cattle, 862,233 at $20	17,244,660
Sheep, 1,715,180 at $5	8,575,900
Swine, 751,907 at $4	3,007,628
Making a total of	$108,909,133

"Without therein taking any account of the 230,000,000 quarts of milk, 111,000,000 pounds of butter, and 8,000,000 pounds of cheese, we find the visible personal quadruped property of the farmers exceeds by $15,000,000 all the assessed personal property of the State, exclusive of the three principal cities, and that it is double all the personalty in the rural districts.

"Nor is this all, nor the most lamentable fact. These figures demonstrate that the assessors and tax-payers

both violate their oaths in the returns that are made; and if for no other reason than that the law debauches the public conscience, it should be abolished, and some other system should be adopted. And it can be done. Following the example of Pennsylvania, New York in 1880 and 1881 passed a franchise and income tax against corporations. What has been the result? There has been since 1871 a steady decrease in the value of personal property, and there has been no acceleration whatever in the rate since 1880; but let us concede that the total shrinkage of personal property in the last three years has been due to the removal from the tax assessors' books of stock belonging to individuals who are now exempt from taxation thereon.

The assessed personal in 1880 was	$322,468,712
" " 1883 "	315,039,085
A diminution of.....	$7,429,627

"Turning again to the Comptroller's report, we find that corporations in 1883 paid $1,935,179,31; and this large amount, the Comptroller took pleasure in saying, has been promptly paid. It is safe to say that, by this law, the personal tax is increased $1,750,000. Pennsylvania realizes from its tax on collateral inheritances $600,000, and this State will, undoubtedly, at the same rate of taxation, realize $1,000,000. The total amount required by the State is about $9,000,000, and these two laws, with a proper excise law, will give half the

tax, and real estate the remainder. Now all kinds of personal property pay about one-ninth."

Senator VEDDER: "If all kinds of personal estate paid its due proportion, would not the reduction of tax on real estate reduce the rents?"

Judge ARNOUX: "I feel some diffidence, Mr. Chairman, in presenting my views to one who has made such a deep study of this subject as you have. I have read your able report as one of the State assessors, and I fully agree with you, I believe, in all your conclusions, except in reference to this tax. I am constrained to say that it is a step in the wrong direction. The rents of real estate are not governed by the taxes, but by the more inexorable law of supply and demand."

The gentleman from Rochester: "That's so."

Judge ARNOUX: "The best illustration that can be given on that point is that the price of tea, and I think of coffee also, largely advanced within three months after the tax was removed by Congress.

"I have said that the fundamental rule of taxation is not that it shall be universal, but that it shall be equal upon the class. Now, this proposed law is very unequal. There might be two merchants of equal wealth, one of whom might pay ten times the tax of the other. For example, if they were each worth $50,000, and one had a stock of the same amount all paid for, and the other $500,000, the latter would pay ten times the tax of the former. You say, that would restrain merchants

from running into debt? That is possible. It has been in former ages, and is now in certain countries, that merchants have no debts. It is, however, confined to the savage state of barter or the semi-barbaric condition where banks and credits are unknown. It is not considered possible in the higher civilization of the nineteenth century, and certainly it would be a hindrance to all progress. Modern finance bases credit on a fixed ratio to capital.

"But the difficulty here presents itself, that in consequence of this irregularity most men will endeavor to escape. My associate, Mr. Parsons, for instance, will say to the assessor, 'Come and see my stock, and put your own appraisement upon it.' His stock in his store is only a small portion. He has storage in ten different warehouses. The official discovers that, but he has four times as much afloat as he has in his store. Would not there be in such a case almost an irresistible temptation to evade the tax?"

Senator VEDDER: "Are you aware that the law in Massachusetts reads as this proposed law does?"

Judge ARNOUX: "I am aware of that, and also aware of the results, which confirm what I have said about the evasions that will be practiced under such a law. The date fixed under that law for assessment is the first day of May. On that day the mills have on hand only about one-quarter of the average amount of stock they carry. They sell through the latter part of March and all of

April, and contract to buy on the second day of May. The railroad depots on the first of May are filled with goods, the bills of which arrive on the second, and the goods themselves are removed as rapidly as possible early in the morning.

"Gentlemen, I can only say, in conclusion, that no class in this State will suffer more, and more unjustly, than the farmers. They literally earn their bread by the sweat of their brows, and maintain their independence by strict economy. Are you going to make them pay taxes on their horses, cows, cattle, sheep, swine, poultry, dairy products, grass, grain, and fruit? Will it not be a discouragement to the stock-raisers and to all the sons of the soil? There will be no compensation to them to counterbalance these taxes if honestly imposed.[1]

"The real gainers will be those who, like myself, have their property in real estate. We do not now complain, that is to say, we have borne the burden so long that it has virtually adjusted itself, for so long as commerce and manufactures are untrammeled the rest will so adjust itself that it will cease to be a burden. We will not reduce our rents, but we will advance the price; for when the net income increases, the value of the property will increase."

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[1] In New York the farmers do not now in fact pay any personal taxes to speak of. The exemption is large for a small farmer, and the assessors being elected, and hoping to be elected again, do not assess the personal property.—ED.

Mr. GARDNER: "I can give an illustration in point. I know a piece of property, the assessed value of which has remained unchanged for the past five years. In the meantime, the rent has increased nearly double, and the value of the property has increased in like proportion."

Judge ARNOUX: "You see, gentlemen, nearly every proposition that I have made is confirmed by the facts that others have been able to adduce. I only wish to add that I trust the views of the chairman upon the Tax Commission Report of 1881 will be accepted by this committee in all points except this here discussed."

When a bill of like purport was before the New York legislature in March, 1891, the New York *Sun* denounced it editorially. Here is an editorial article entitled "The Proposed Tax Bill," from the *Sun* of March 13, 1891.

"Bills are pending in the Assembly and in the Senate, for the introduction into this State of the listing system of taxation. It is proposed that every owner of property, real or personal, shall annually prepare an inventory of his possessions, swear to it, and deliver it to the tax-assessors for their guidance in fixing the amount of his taxes. If he neglects to do this, any assessment that the assessors may make from their own knowledge is to be doubled; and if he refuses to do it, upon demand, he is to be deemed guilty of a misdemeanor, and punished accordingly. Both the Assembly and the Senate bills, as they stand, afford many loopholes of escape, and opportunities for litigation. It is doubtful, indeed, whether any bill could be drawn which would be free from these defects; but that is of minor importance.

"Perfect or imperfect in its details, the scheme is objectionable on principle, as involving an inquisitorial prying into private affairs. It would violate the citizen's natural privilege not to be compelled to furnish evidence against himself. Asking a man to spread out upon the public records a full account of his affairs, the property he owns, the debts he owes, and the debts that others owe him, and to put his business secrets at the mercy of irresponsible officials, is something new in this part of the country, and not likely to meet with anything but opposition. A few conscientious, law-abiding citizens might comply with the demand, but the majority would defy or evade it.

"The enactment of such a tax law as that now proposed would serve this purpose, however, and therein lies the single valid argument in its favor:

"It would bring out more plainly than our existing law does the folly of trying to tax personal property at all, and it would help on the needed reform of putting all taxation upon real property. What is called personal property is, mostly, nothing but interests in real property in this State or in other States. Holders of mortgages are, to the amounts owing them, joint owners with the makers of the mortgages in the land mortgaged. Shareholders in railroad companies, in manufacturing companies, and in other corporations, have nothing but rights to dividends earned by investments which are for the most part composed of land and buildings. Money lent and credits given are in the same way represented by the property of the debtors, and this, too, is chiefly land or improvements affixed to land. The only personal property which it is reasonable to tax at all is composed of merchandise and of household goods, and the value of these is comparatively unimportant. A tax upon land and its improvements is easily laid and cheaply collected, and would furnish all the money needed for public purposes without being oppressive.

"If the inquisitorial system should be adopted it would make these facts so plain, that, with its offensiveness in other respects, it would ultimately secure not only its own repeal, but the abolition of all personal taxes."

This editorial utterance called forth the following letter from George W. Ellis:

"To the Editor of the Sun.

"*Sir:* The editorial in this morning's *Sun* entitled 'The Proposed Tax Bill' presents the question thereby raised with admirable clearness and force.

"The advantage to real estate owners of freedom from taxation of personal property is appreciated by city owners, and the opposition comes from the farmers.

"The farmers argue that the money lender gets his principal and interest easily, while the owner of the farm works hard, and cannot in recent years make a profit on the farm product, to say nothing about the depreciation in market value of the land.

"The real remedy for the farmer is to cheapen the rate of interest on his mortgage, and to increase the demand for his farm products.

"The only way to do this is to increase the supply of personal property in his locality.

"Encouragement to owners of personal property to locate their country seats or business in New York State would result in increased population, with consequent demand for farm products, and cheaper railroad rates and better transit facilities, until the market value of land in farming parts of the State would bring prices in proportion to the attractions of nature.

"In New York the real battle is to convince the farmer that the removal of taxation from personal property is the first step in the direction of his own pecuniary improvement."

It may be worth while to note the case of a resident of Ohio,[1] who suffered from the unjust listing system existing in that State. After a manly struggle in the courts for the possession of his personal property, he removed from Ohio. In a letter to the Reno (Nev.) *Gazette* of August 4, 1890, he discusses the exemption of personal property from taxation. Here is his letter:

"The only source of facts and figures on the subject at the beginning of this communication—issued under United States authority, too—is the census. That shows: First, that the value of real estate is nearly four times that of personal property; second, therefore real estate should bear four-fifths of all taxation, and personal property one-fifth, State and Federal; third, the same sources of information show that the total of State and Federal taxes is nearly $723,250,721—real property $234,563,041, and personal property $488,687,680.

"If taxes should be levied according to the values of property, then personal property should pay one-fifth of the total State and Federal taxes, or $166,247,666, and real estate four-fifths, or $556,903,055; making the total State and Federal taxes $723,250,721, thus proving that personal property now pays three times as much as it should, viz., $488,687,680, as shown by the United States census. No Federal tax is levied on real estate. Is this right or wise?

"Is there any sense in the demagogue's cry for greater taxation of personal property?

"The supplemental report of Professor R. T. Ely of Johns Hopkins University, Baltimore, Md., to the General Assembly of Maryland, under the heading of 'Origin of our System of Taxation,' says: 'This system of taxation originated at a

[1] The Hon. Stephen B. Sturges, now of Brooklyn.

very early date, and has at one time or another been in vogue in nearly every civilized nation. It has, however, been abandoned in all countries except the United States. . . . It is characteristic of this system, that the more you perfect it the worse you make it.'

"Eastern States—New York and Connecticut especially—are seeking to attract owners of capital or personal property to those States by placing little or no taxation on personal property. New York laws and decisions are such that none but trustees of widows and orphans need pay personal property taxes.

"Professor Ely further says: 'From the time of Turgot and Adam Smith to the present, political economists have not ceased to warn the people to be careful not to drive away capital by taxing it. . . . The result [of taxing capital and thus driving it away] will be that the farmer will find a poorer home market for his produce, on account of diminished wealth in the State, while his lands will fall in value.' The same writer, referring to a message of the Hon. Abram S. Hewitt, ex-mayor of New York, to the Board of Aldermen, says: 'It advocates exemption of personal property from all taxation, in order to build up the business of New York. It is plainly stated therein that all attempts to enforce the system of personal property taxation, thoroughly, in New York, have been practically abandoned.'

"Shall States drive away capital by excessive, unequal, or unjust taxation? Does Nevada desire to attract capital to her borders and her storehouses of treasure? Then let her legislature appoint a committee of educated, intelligent men; give them time and necessary expenses to visit other States and examine their laws. Also to examine the pamphlets and monographs; reports to legislatures of New York, Connecticut, and other States; and those mentioned in the pamphlet on general property taxation by Professor Edwin R. A. Seligman,

of Columbia College, New York City. I close with the result in Connecticut so far, where now the tax on personal property is only one-fifth of one per cent. a year: the legislative committee have recommended no taxation of personal property. Sincerely desiring the prosperity of Nevada is my excuse for this letter. The subject is too extensive to be covered by this brief statement."

CHAPTER V.

CAUSES OF BUSINESS DEPRESSION.

Driving away wealth.—Real estate derives its value from personalty.—Cause of panics.—Law of fluctuation of real estate values.—Real estate the chute through which the stream of taxes runs.—Good policy for owners.—Obscure causes appear by their effects.—Illustration.—A dog to drive away custom.—The damage he does.—Why we keep him.—A serious joke on proposed amendments.—A case in Tennessee.—William Penn's committee and later procedures.

GEORGE H. ANDREWS, long Commissioner of Taxes in New York, in a series of letters dealing with the future of New York at a time when business was much depressed, discussed the subject of taxing personal property. He said in letter seven of the series:

"It must be conceded that the relations between real and personal property are of the most intimate, and should be of the most amicable, character; and that real estate is dependent for its prosperity upon the presence of personal property, and not its mere presence, but that its conditions shall be such as to make it active, productive, and profitable to its owners. The present depression in the value of real estate generally is not from any inherent cause—that is, any cause originating in and peculiar to itself. There is no greater area of real estate

in New York than when its price was much higher, but the cause of the decline is attributable only to the condition and circumstances of personal property. When the merchant finds his stock of goods declining in value on his hands, he must reduce expenses, pay less store and house rent, and curtail the pay of his assistants, compelling them in turn to seek lower rents. When a bank reduces its business, the pay of its officers and clerks also suffers a reduction, and they, too, seek cheaper rents. When the mechanic and laborer find that their personal property—skill and physical strength—is in less demand, and their wages are reduced, or idleness forced upon them, they also seek cheaper rents, or cease to pay rent. All these classes are consumers, and with diminished means their purchases of personal property are diminished. They buy less of the grocer, the butcher, the tailor, the milliner, and the retailer of dry goods; so that the grocer, the butcher, the tailor, the milliner, and the retailer of dry goods, each finds his business, profits, and power to pay rent diminished. And as the rent received is the general basis of real estate values, real estate, under such influences, must of course decline.

"While taxes represented but one-fifth or one-sixth of the rent received by the real estate owner, they could be endured; but when out of a greatly reduced rent, unreduced taxes take one-third, or perhaps one-half, then the burden is felt to be unendurable, and the real estate owner finds that he has been struck by the calamity

which first struck the owners of personal property, and through them reached him. Now, all this proves not antagonism, but harmony and unity of interest. Had no disaster befallen the owners of personal property, it is possible that the wildest dreams of the operators in unimproved property might have been realized.

"Real estate is the last interest to feel the effects of a panic or revulsion, and it is also the last to recover. The reason is obvious. The blow falls first upon personal property, and through it, is distributed to real estate, which does not feel the full force until the whole structure of society has adjusted itself to the new conditions imposed by the disasters suffered by the owners of personal property. For a time such disasters are not accepted as final; there is hope of recuperation: but at last the fact is accepted, and then the readjustment of expenses is resorted to, through which real estate is finally reached. So, too, recovery affects real estate last, as that result must be preceded by the recovery of a degree of prosperity by the owners of personal property in all its multiform shapes, or by an absolute accretion of population. The latter means of recuperation is the more rapid if it can be secured, and that is a question which shall receive consideration.

"It is not the personal property of the citizens only which pays the taxes in this city, but that of the stranger within our gates also contributes. No visitor can buy a pint of peanuts or a diamond bracelet, can ride in a cab

or visit a theatre, can stay a night in a lodging-house or board a week at a hotel, without contributing to the taxes charged upon the buildings. Not a case of goods, a bale of cotton, a stick of timber, or a pig of iron can pass through the city without also helping to bear the burden of taxation.

"The great object, then, of every real estate owner should be to bring more people here with their personal property to occupy dwellings and stores; more visitors to buy peanuts and diamonds; more bales of cotton and pigs of iron to be handled and stored—and so to distribute the indirect taxes upon them as to make the burden of all taxation comparatively easy to bear.

"In business two policies are recognized: one is to do a small trade with large profits, and the other is to do a large trade with small profits. The former policy is one of the past, which has been practically abandoned as narrow, illiberal, and ineffective. It is a policy which should not be adopted, and cannot be carried out in the face of competition or opposition in trade. In such a case the competitor dictates the policy. This is, in some sense, the problem which presents itself for solution to the people of this city, as to which policy they shall adopt. In my judgment, they have no choice. In the keen competition for trade, and supremacy in trade, the rival dictates the policy to a certain extent, and nothing but stolidity and obstinacy can justify adherence to a narrow and obstructive theory. It is the interest of the

real estate owner, which is not only in jeopardy, but in actual suffering. It is for his benefit these letters are written, for his welfare alone is bound up indissolubly with the future of New York. Personal property is migratory and fugitive. A truck or a carpet-bag will suffice to remove it, and a draft or a bill of exchange will give it wings.

"The questions of the hour, then, are substantially these: how to keep, how to attract, and how to utilize this life-giving, tax-paying, debt-bearing element, known as personal property.

"Said Mr. Burke, in his great speech on the 'True Theory of the Rights of Man': 'In states there are often some obscure and almost latent causes, things which appear at first of little moment, on which a very great part of its prosperity or adversity may most essentially depend.' The insidious, but often fatal, effects of noxious gases from defective drains are pretty generally understood; yet it is often of little use to admonish the man in vigorous health of danger from a cause so remote and obscure. But let the poison enter the blood of his family or himself, and he will give heed to statements designed to remove the cause. To-day New York is sick, and may possibly hearken to suggestions which in other conditions would be scouted.

"What New York needs for recovery from the present paralysis in real estate, for the development of her resources, and to assure her predominance in the future, is

population and personal property; or, to put it more concisely, men and money. Very well, you say, let them come. But just there is the difficulty—you won't let them come. Let me illustrate by a very few facts bearing upon the proposition 'to let them come.'

"An inquiry was made a few months ago by a member of the bar as to whether a client of his, not residing here, by removing to this city and investing $250,000 in business, would subject that capital to taxation. He said that his client preferred New York as the future scene of his business activity, but that this city did not present such supreme advantages over another city as to justify him in paying the tax. With great reluctance his counsel was told that the law would impose the tax, and he went away sorrowful.

"A gentleman from abroad recently brought letters to a merchant, asking his coöperation in assisting the foreigner in obtaining property for establishing a manufacturing business here with foreign capital. The merchant, in view of the quantity of manufacturing property standing idle, advised the foreigner to advertise for such property. He did so, and was alarmed at the great number of answers received, and proceeded to consult the merchant, who was, in turn, amazed. The foreigner very wisely said, 'If I had received a dozen answers I should probably have proceeded to make my selection, but there must be some special cause that has vacated so much manufacturing property.' The merchant ad-

vised him to inquire of some of the owners. He did so, and then first learned that the taxation of capital was literally the moving cause, and that he too would be subjected to it if he invested here. And he, also, sought another city.

"A gentleman who had made a fortune of several millions in a distant State, charmed with the brightness and gayety of the city, decided to spend several months in each year here, and entered into negotiations for a house at an annual rent of $10,000. Before they were concluded he learned that he might be subjected to a tax upon his personal property, and the charm was broken, and the man and the money were lost to the city.

"Here are three typical instances. There have been thousands of such within the past ten years—some more, many less important. 'Let them come,' indeed! You keep at large expense a dog to drive them, men and money, off. He is, to be sure, old and nearly toothless; but they don't know that, and he has here and there a tooth that might puncture them. Many have been bitten, but let us hope that it may soon be said:

> 'The man recovered of the bite,
> The dog it was that died.'

Is any other business conducted upon a principle which the above examples illustrate? Does any dealer, wholesale or retail, tax a visitor for entering his premises? While they are on his premises he protects them, shelters

them by his roof, warms them by his fire, gives them water if thirsty, would be liable for damage if they fell through an unguarded hatch or stairway. But, whether they buy or not, he does not present a tax bill for the 'protection' he has given. No, he puts all that in his bill for goods sold, just as the tenant finds it in his rent. The difference between the dealer and the city is this: many may visit the store or shop and few buy, but none can live in the city without in some way paying for such 'protection' as he may receive. The customer, like the untaxed personal property, really pays for all the protection received, but in such a way as is not felt, perhaps not even known.

"It cannot be necessary to follow out in detail all that the city lost, when, as in the cases cited, men and money were turned from the very doors they desired to enter. Every interest would have been benefited and stimulated by their establishment here; but real estate more than all. These rejected, repelled elements are those for the want of which real estate is languishing, rents declining, mortgages foreclosing, ruin impending. These rejected customers and consumers were willing to bear their share of taxation, assessed as upon real estate, to help to pay the debt, and to help to pay for the government or misgovernment of the city; but they were not willing to incur the risk of being specifically taxed, in addition, upon their personal property, not acquired here, perhaps not even situated here, and which would contribute so

largely to the present welfare and future prosperity of the city.

"The law providing for the assessment of personal property is a tub which has lost its bottom. The remnants of it are held together by the cohesion of habit, custom, or usage. It will not stand a jar--not even the jar you, gentlemen, are giving it to-day. It cannot endure scrutiny; investigation is fatal to it. An omnibus horse in this city was lately doing his regular work in harness, but when taken out had to be supported by three men in order to reach his stable. You, to-day, have taken a sorry steed out of his harness to look at his points, and there are not men enough in the State to get that steed into the harness again to do the work he did before. Every debate, every report, every newspaper article enlightens the public as to its rights, and impairs the vital force of a law already almost defunct. It is fairly on its way toward the morgue, where no friends will ever claim its remains.

"This law for taxing personal property has been illustrated by the figure of an almost toothless old cur. This cur barks and scares, has an evil odor, and here and there a fang, which rends unmercifully when it does penetrate. What shall we do with him? Send him to a dentist for other and sharper fangs, or provide him with a short rope and heavy stone?"

Letter IX. of this series relates, among other things, that —

"An inquiry was made at a casual meeting of several gentlemen interested in the prosperity of the city, as to what were the hindrances to the enactment and enforcement of an equitable law which would reach every description of personal property, and so distribute the burden as to make it light for all. The answer was, that to do this only four things were necessary:

"First, To amend the constitutions of the States.

"Second, To amend the Constitution of the United States.

"Third, To amend the constitution of human nature.

"Fourth, To amend the constitution of things.

"The Constitution of the United States would have to be amended, *for under it full one-third of the personal property in this city is placed beyond the reach of State tax laws.*

"The constitutions of other States would have to be amended, so that their laws shall conform to yours; for you might as well burn down certain business portions of the city as to attempt to enforce such a law in the face of competing rivals with more liberal tax laws.

"The constitution of human nature and of things would have to be amended, or persons and personal property would hide or die, or fly to other countries beyond the reach of your amendments, impelled by the instinct of self-preservation."

Some suggestions are made by Enoch Ensley of Memphis, Tenn., in an open letter to Governor Brown. The

letter was published in 1873, under the title, "The Tax Question. What should be Taxed, and How it should be Taxed. Suggestions for the People of Tennessee to consider."

"I hold," says Mr. Ensley, "that, of all men, the real estate or fixed property owner is most interested in the rule or motto I have adopted. To illustrate, I will say there is an acre of ground in Memphis—say in front of the Overton Block—that is worth $200,000; while the writer has an acre six miles below the city, quite as good naturally, and even better (because it will produce more corn, cotton, pumpkins, peas, potatoes, cabbages, etc., than the Overton lot will, or ever would), and my acre is not worth $100 an acre. Now, why is it that the Overton acre is worth $200,000, and mine is not worth $100? The reason is that there is employed on the Overton acre, profitably, several hundred thousand dollars of movable property, whilst upon mine there is employed the sixteenth part of a negro, the sixteenth part of a mule, plow, hoe, etc. Now, if you will manage in any way, either by taxation or otherwise, to drive from this Overton acre the two, three, or five hundred thousand dollars, and render it so that this capital cannot be employed upon it with a profit, it will not be worth more than my acre—in fact, not so much, for there is nothing so valueless as ground covered with houses, when there is no demand for said houses. And further, if you do anything to make the two, three, or five hundred thousand dollars pay less profit, you will damage the ground or lessen its value, more rapidly than you will decrease the profits—not in the same ratio, but more rapidly. Suppose, for instance, the profit has been ten per cent. net on the capital employed, and the property is paying a rental on $300,000: if you reduce the profits permanently, in any way, to five per cent. net, the property would not pay a rental on $150,000; in fact, it would hardly

pay any rent at all, for five per cent. would be too small to induce a business at all in this country. . . .

"Exemption of personalty will lighten the burdens of taxation on real estate, and after a short time the rate of taxation will be really less. A short time ago a real estate owner of Memphis said to me: 'Do you say that a merchant or banker shall make from ten to sixteen per cent. on his capital, and pay no tax, and I make only six or eight per cent. on the houses the merchant and the banker are occupying, and pay all the tax? 'Yes,' said I; 'you seek to tax them, and that is the reason you get no larger per cent. on your property. I say, if they make one hundred per cent. per annum on their capital, you should not want them to pay a copper of tax. Why? Because if they made it you would have forty applicants for the house they are doing business in; and if you should, you would certainly get a full rent for it, more than the extra tax, as only one of the forty could get it, and the other thirty-nine would be unaccommodated. And if your tenants should be making this large per cent. it is reasonable to presume that men would be making something near it all over town. But as only the present tenants, or their number, could be accommodated with houses, the result would be that you would not only get exorbitant rents for all the houses in town, but you would have demand for the hundreds of thousands of vacant lots throughout the city, to build storehouses on; they would buy them, or offer you such enormous rents as would induce you to build them houses on lots that you have been paying taxes on for years, and received no rental from. Soon there would be houses going up all over the city, block after block. The brickmaker, the lumberman, the carpenter, the bricklayer, and all descriptions of mechanics and laborers would have more than they could do, so that the builders would have to send elsewhere for mechanics. All these newcomers in turn would want residences, and thus you would bring into demand

and make pay rental thousands of lots that have never paid anything, give active employment to all the mechanics you have, and besides bring thousands from other places.

"Let us go a little further and see how this policy affects all and everybody in the city. These newcomers get their houses, and then they want furniture, and they patronize the furniture man; they want a carriage or wagon for family use, and they patronize your carriage man; and then horses, and patronize the horse man, and then the blacksmith to shoe them; and then the retail dry-goods houses, mantua-makers, milliners, grocerymen, butchers—and, in short, every kind of retail establishment throughout the city, thereby giving vigor, life, and thrift to all. And thus it would go on, until, before you are aware of it, you would have a city of thousands of people, and be worth and pay a rental on hundreds of millions of dollars. Then where would be your city and county debt, and a necessity for a high rate of taxation? and where would be the oppression, when you have got four times as much to pay with?"

In a report of the law committee of the Common Council of Philadelphia, submitted February 16, 1871, we find a valuable historical review of the tax laws of Philadelphia, under the government of William Penn and his successors in the colonial government.

"These laws were framed to avoid repeating errors which had been proven by long experience in Great Britain and the Continental countries. Anxious to foster trade, commerce, and industry, and make the province the home of a free people, the founder of Pennsylvania came with a plan of government. The earliest enactments of direct tax laws show that he and those who followed him were as careful, in this regard, in profiting by the most enlightened views of his time, as they

were in planning the city with broad and regular streets for 'a great town.' Before this period, although personal estate had not attained the magnitude and importance in Great Britain that it has at this time, yet tax laws had been enacted to rate it and make it pay part of the public burdens. These laws were found to be inquisitorial in their nature, and, by concealment, evasion, and perjury, were not only demoralizing to the people, but the enlarged basis was found to be more unequal than the retention of a few subjects for the levy. Added to this, the higher rate of interest paid in France and other Continental countries drew from the kingdom capital which should have been retained to improve their own country and give employment to the people. The English government, therefore, wisely abandoned this system, and it was in the light of these facts that our first enactments were made. We find the Provincial Council (1683) first determining that 'a publick tax on land ought to be raised to defray the publick charge'; and the enactment of 1700, fixing county rates and levies (which law was not enrolled), is believed to have been not larger in the subjects of county rates than in the act of 1724, which were real estate, horses, cattle, sheep, negroes, and a poll-tax. It will be noticed that the personal estate here enumerated was visible property not susceptible of concealment, and that debts, accounts, merchandise, and ships are nowhere mentioned. In the several enactments that followed in 1795, 1799, and 1834, the subjects of county levy were substantially the same—sheep and slaves being omitted in the last act, and officers added to the last two—and it was not until 1844, a period when the State, by large expenditures, had become embarrassed, that, by the act of the 29th day of April, 1844, mortgages, money owing by solvent debtors, stocks, household furniture, public loans, watches, etc., were made taxable for county purposes. The attempted enforcement of this act was so injurious to the people, by driving capital and industrial establishments from

the State, and so evaded in returns, that by common consent the law remained on the statute book a dead letter until the consolidation of the city.

"At that time (1854) the question was again discussed, and although the councils of the city had the power to impose the tax rate upon all the subjects of taxation, in the thirty-second section of the act of 1844 we find, by the first ordinances, they limited the levy to real estate, furniture, horses, cattle, and pleasure carriages, and so continued until 1864, when an act was passed empowering the city to levy taxes on all the subjects of taxation contained in that section of the act of 1844—a power which they possessed before, but had not exercised.

"Since that time the authority of the city to levy a tax on mortgages, stocks of Pennsylvania corporations, and occupations, has been repealed. In considering the enlargement of the subjects of levy in this city, the fact must not be lost sight of, that the State does not impose any tax on real estate for State purposes, but derives all its revenue from corporation stocks and loans, mercantile license, tavern licenses, collateral inheritance, etc.; and it is estimated that of the gross receipts for 1870 ($6,336,603), more than two-fifths of the amount ($2,600,000) was derived from the property and business interests of the citizens of this city."

CHAPTER VI.

AN IMMORAL FARCE.

General and local taxation in this country.—Personal property taxation in the State of New York.—Some curious forms of taxation.—Maryland's tax on bachelors.—Self-assessment.—The guessing system.—Classes upon whom the listing system is a burden.—Who pay personal taxes — Tax dodging.—Some interesting percentages.—Inequalities and incongruities of the New York system as shown by a former tax commissioner in New York City.—Failure of personal taxation in Connecticut.—Instances of double taxation.—The remedy : abolition of taxation upon personal property.

MR. JULIEN T. DAVIES presents an admirable argument in favor of abolishing the tax assessed upon personal property according to the laws of New York. The objections that Mr. Davies found to the law as administered in this State are of wide application, and accordingly his address is embodied in this chapter. He shows that the personal property tax as administered in the State of New York is oppressive in its incidence, immoral in its tendency, and grotesque in many of its peculiarities. He says:

"In examining the various methods that are employed in different parts of the world to extract from the people the necessary contributions for the support of govern-

ment, it is noticeable that while in England and on the Continent, and indeed in most civilized countries, a land tax, or a tax upon land values, and an income tax are principally depended upon, in this country, apart from the indirect taxation of commodities by the United States Government, the States, for both general and local purposes, depend almost entirely upon direct taxation of land and personal property. Franchise taxes on corporations, inheritance taxes, taxes upon the organization of corporations, and some other methods of raising money of minor importance, have been employed of late years in some of the States. The main dependence, however, in nearly all the States of the Union, for raising money for State, county, and municipal purposes, is a general tax levied upon land and upon the mass of the tax-payers' personal property. It is proposed to consider at the present time only the subject of direct taxation of personal property.

"The sweeping character of the enactments of the several States on this subject can be best appreciated by a reference to the provisions of the laws of our own State defining personal property liable to taxation. The statute, after enacting that 'all personal estate within the State, whether owned by individuals or by corporations, shall be liable to taxation,' subject to the specified exemptions, provides as follows:

"'Section 3. The term "personal estate and personal property," whenever they occur in this chapter, shall

be construed to include all household furniture, money, goods, chattels, debts due from solvent debtors, whether on account, contract, note, bond or mortgage, public stock, and stocks in moneyed corporations; they shall also be construed to include such portion of the capital of incorporated companies liable to taxation on their capital as shall not be invested in real estate.' (2 R. S., 7th ed., 982, Part I., Chap. 13, Title 1.)

"This definition of personal estate or personal property is intended to embrace everything that can be conceived of as included in these general terms, and it is reasonably successful in its purpose.

"The statute is somewhat confusing in its reference to the stocks and capital of corporations. The practical effect of its provisions, taken with others bearing upon the same subject, is that substantially all corporations of this State, except banks, life insurance companies, and savings banks, are liable to taxation upon all their personal property, except stocks in other corporations; and the stockholders of these taxable corporations are not obliged to include in their estimate of personal property subject to taxation the stocks of the companies that are liable directly to taxation on their personal property. Banks alone, both State and National, are not directly taxed on capital and personal property, but their stockholders are taxed on their stock. This system is peculiar to banks, and rendered necessary by the provisions of the National Banking Act.

"The practice of taxing all personal property of the citizen is of comparatively recent origin in the United States, and for the best of reasons. Personal property, especially that of an intangible character, consisting of credits, notes, bonds, and evidences of debt, is itself of recent origin. Our forefathers, one hundred and fifty years ago, possessed as personal property a little household furniture, some linen, a few oxen, horses and cattle, without doubt a gun or two, with a reasonable store of ammunition; but beyond these articles of visible, tangible property they were not troubled with personal estate. Railroad shares, promissory notes, bonds and mortgages, certificates of deposit, and all the multifarious forms of credits and evidences of debt by which we are enabled to-day to secure interests in land or in visible, tangible personal property in the possession of others, were absolutely unknown to them.

"There are some very curious instances of the methods that were adopted in the States in early times to raise money. For instance, in Maryland a tax was imposed on all bachelors above twenty-five years of age. This was levied according to their property, one hundred per cent. being added in case of papists. In New York, where possibly there were fewer bachelors above twenty-five years of age, a tax on wigs took the place of the Maryland tax. A more serious explanation of the tax on wigs can be found in the circumstance that wigs were luxuries enjoyed only by the well-to-do men of the community.

"When all personal property was of a visible and tangible character, there was no opportunity to conceal its ownership and to avoid the tax. A tax on personal property was then assessed and collected with comparative ease and fairness. Each member of the community then took a sufficient interest in his neighbor's affairs to see that justice was done in this regard. This kind of friendly interest found expression in Rhode Island in a law that was passed in 1673, by which it was provided that, under certain circumstances, a citizen might be required 'to give in writing what proportion of estate and strength in particular, he guesseth ten of his neighbors, nameing them in particular, hath in estate and strength to his estate and strength.'

"It is only fair to add, however, that this law was intended to prevent tax-dodging, and only required a man to guess with respect to the relative size of his neighbors' estates to his own, when he himself was suspected of having undervalued his own estate.

"Two methods have been employed in the United States for the purpose of ascertaining the amount of taxable personal property owned by individual citizens.

"First, In several States, such as Massachusetts, Connecticut, and Illinois, the tax-payer is required to give each year to the assessor a detailed and verified statement, carefully itemized, of all the personal property owned by him or under his control, and of every kind, sort, and description. This method is generally known as

'the listing system.' In several of the States the principle that a State can tax only that which is within its territorial jurisdiction is ignored, and even visible, tangible property situated outside of the taxing State is required to be returned for the purpose of taxation.

"Second, The other and more general method of ascertaining taxable personal estate is that with which we are familiar in the State of New York, by which the assessor guesses at the personal property of the victim, and places him upon the list at such a figure as either his information or imagination sustains him in considering to be that which justly represents the personal estate of the tax-payer.

"In a case involving the assessment of personal property, in one of the courts of this State a few years ago, an assessor in one of our cities testified that his method of ascertaining what personal property a tax-payer owned was to examine the directories, the county clerk's office, and papers relative to estates of deceased persons; and, when he lacked definite information, to guess at the assessment from the place of business or of residence occupied by the tax-payer. If the tax was cheerfully paid for two or three years, the personal assessment would then be 'marked up.' This process of increasing the personal assessment went on until, as the witness graphically said, the tax-payer 'squealed,' when the amount was finally fixed at what the tax-payer would bear without swearing it off.

"It is obvious that in cases of special partnerships, trustees, and executors who may have recently accounted, persons who have taken estates upon the settlement of which inventories or accounts may have been filed, and indeed in all cases where a record of the transmission of personal property has been made, a vigilant assessor is reasonably successful in reaching all the personal property of the individual.

"It is also true, that, in the case of a merchant, a fair guess can be made with respect to the value of his stock in trade, and some estimate can be formed of the value of household furniture contained in a costly residence of an ascertained value. Other visible, tangible property, such as stock, cattle, and horses, especially those in the hands of farmers, the details of whose affairs are well known to their neighbors, can all be estimated with reasonable certainty. Beyond these matters, however, an assessor cannot penetrate. He has absolutely no resource except to push up the assessment of individuals, until, in the words of the witness in question, they 'squeal.' When they 'squeal,' the assessor may be sure that they are hurt, and that the limit of actual ownership of taxable personal property has been reached, if not passed, by his efforts.

"As might be expected, the operation of this system in the State of New York results substantially in the collection of no tax on personal property except from three classes of tax-payers

"(1) Corporations who are obliged to make sworn returns, not only to the assessors but also to other public officials.

"(2) Executors, trustees, and special partnerships.

"(3) Those who are too conscientious, too careless, or too ignorant, to arrange their affairs in such a manner as not to be liable for taxation on personal property.

"As the law stands to-day, no man in the State of New York who owns personal property in his own right need pay a personal tax unless he chooses so to do. The sovereign power of the State of New York cannot reach for purposes of taxation the instrumentalities of the United States Government. It is absolutely essential to the maintenance of the supremacy of the Federal Government within its own sphere, that the taxing power of the States should not extend to the obligations of the General Government.

"Chief Justice Marshall said, 'The power to tax is the power to destroy;' and in the circumstance that a State government is forbidden by the spirit of the Constitution of the United States to destroy the credit of the General Government, or the pecuniary value of its bonds or other obligations, he found the conclusion that these instrumentalities were free from taxation by any State.

"Another matter to be borne in mind in this connection is, that the *status* of an individual for purposes of taxation upon personal property in this State is fixed by his place of residence and ownership of property upon

a day certain, when the assessors have completed their preliminary inquiries, have arranged their assessment rolls, and opened them for correction. Throughout the State of New York generally, that day is the 1st of July. In the city of New York it is the second Monday of January.[1] What a man owns in personal property in the city of New York on the second Monday of January, and the manner in which his investments are made upon that day, determine the question whether or not he is taxable for personal property.

"Still another element in the combination is the principle, that in the State of New York the debts of the taxpayer can be deducted from his assessment for personal estate.

"By combining these different facts, it follows, that if A, in the city of New York, on the Saturday preceding the second Monday of January, owned one hundred thousand dollars in taxable personal property, and desired to avoid being taxed on it, he would on that day buy United States bonds to the market value of one hundred thousand dollars and give his note in payment therefor. His position, then, upon the second Monday of January would be:

"(1) That he *owned* one hundred thousand dollars of taxable personal property.

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1 The different dates on which assessments are made in Brooklyn, Jersey City, and New York City furnish an additional facility for evasion of personal property, by transfers of ownership or subjective sales.—ED.

"(2) That he *owned* one hundred thousand dollars of United States bonds.

"(3) That he *owed* one hundred thousand dollars.

"Let us suppose that the Tax Commissioners of the city of New York have *guessed* that A owned one hundred thousand dollars of taxable personal property, and have placed him upon the books of Annual Record, which are opened for correction on the second Monday of January, as assessable in this amount of one hundred thousand dollars. At any time before the first day of May, A calmly presents himself at the Tax Commissioners' office. He states to the Tax Commissioners the fact that he owns two hundred thousand dollars of personal estate, one hundred thousand dollars being invested in United States bonds and one hundred thousand dollars in taxable personal property. The United States bonds must, of course, be thrown out, and the one hundred thousand dollars of taxable personal estate is extinguished and marked off by the indebtedness of a hundred thousand dollars, which A naturally takes pains to bring to the attention of the Tax Commissioners. It is of no consequence whatever that A has bought the United States bonds and incurred his indebtedness for the express purpose of being relieved from his personal taxes. It is immaterial, and indeed impertinent, for the assessing officer to ask A what his motive was in purchasing the bonds and running into debt therefor. A has violated no law, but has acted strictly in accordance

with the law, in discreetly arranging his little affairs in the manner that has been described.

"Anybody who has the curiosity to examine the case of The People on the relation of Thurman *vs.* Ryan, reported in the 88th of New York, at page 142, will find that I have substantially stated the facts that appear in that case. The Court said:

"'Nor do we perceive how, by a purchase in the manner narrated in the return, the buyer evades our law of taxation. The law does not prohibit it,—therefore, does not apply,—and in such a case there can be no evasion.'

"It is impracticable to correct this evil by permitting United States bonds to be taxable by the States, and the necessity of permitting the deduction of debts from the assessment of personal property in order to avoid the injustice of double taxation is so apparent, that the case is really one without any remedy, except that of total abolition of an attempt to reach the mass of personal property in the hands of the tax-payer.

"The practical effect of the workings of our system of personal taxation in the State of New York is that, substantially, there is no tax upon personal property except upon the classes of citizens that I have enumerated above, and it is unjust that they should be forced alone to bear a burden that should rest upon the entire community, if at all. I do not speak of corporations so much as with respect to individuals. The tax upon corporations is estimated by the value of their capital stock, which,

while frequently arrived at by valuing their personal property, is not always so considered. The element of a tax upon their franchises enters into the personal taxation of corporations in this State even for local purposes; and in the main the system is not oppressive, although there are certain instances where, owing to peculiar circumstances, great injustice is worked. But with respect to the individuals who are compelled by the operation of our system of taxation to pay a substantial personal tax, one that bears any just relation or any fair proportion to the amount of personal property owned by them, in almost every instance an injustice is perpetrated, and an extraordinary burden is cast upon the individual, which is almost entirely escaped by nearly all others who are liable to pay.

"The truth of these observations can be seen at a glance in observing the relative percentages of the assessed valuations of personal and real estate in this State during the past few years. It is impossible to form any absolutely accurate estimate of the comparative values of the real and personal estate owned in any community. It is a very safe estimate, and doubtless one far below the truth, to judge that in a State of such wealth as New York, the value of the personal property at least equals that of the real estate. We find, however, that in the State of New York, of the entire State taxes, the per cent. paid by real estate in 1875 was 82.80; the per cent. of the tax paid by personal property in 1875 was 17.20.

"The per cent. paid in 1885 by real estate was 88.53. The per cent. paid by personal property in 1885 was 11.47.

"According to the recent assessment, completed in October last, with respect to the State taxes, the State tax of 1891 will be paid to the extent of about 90 per cent. by the real estate, and about 10 per cent. by personal property.

"A study of assessment rolls in the city of New York furnishes interesting information with respect to the proportionate amounts of real and personal property assessed in this city during the last twenty years.

"In 1870 the percentage of personal property was 29 per cent., and that of real property 71 per cent. of the assessed valuation of both real and personal property in the city of New York for that year.

"In 1880 the assessed valuation of personal property in the city of New York was 18 per cent., and that of real estate 82 per cent. of the total assessed valuations of both species of property for that year.

"The lowest point was reached in 1885, when the assessed valuation of personal property in the city of New York was 15 per cent., and that of real estate 85 per cent. of the total assessed valuations for that year.

"Since 1885 personal property in the city of New York has been more closely followed up for purposes of assessment, with the result that for the year 1890 the percentage of personal property assessed was 18 per cent.,

and of real estate 82 per cent. of the total assessed valuations of both real and personal property for that year.

"No thoughtful person will deny, that, during the last fifteen years, personal property has greatly increased in this State in comparison with real property; yet these figures show the contrary, or prove that a larger percentage of personal property is overlooked for taxation to-day than fifteen or twenty years ago.

"The late George H. Andrews, for a long time tax commissioner in the city of New York, in an address before an Assembly committee on the 6th of October, 1774,[1] presented a very clever table illustrating the inequalities and incongruities of our system of taxation. It is as follows:

A has	$100,000	of	imported goods,	and is exempt.
B	"	"	miscellaneous goods,	" taxed.
C	"	"	goods consigned,	" exempt.
D	"	"	goods owned,	" taxed.

[1] The following letter from ex-Commissioner of Taxes Coleman explains itself:

NEW YORK, *December* 26, 1891.

BOLTON HALL, ESQ.

Dear Sir: Yours of the 16th received, with the above memorandum attached, in relation to exemption of property mentioned by the late Hon. George H. Andrews. There is no change since that time in relation to this specific kind of property, but several alterations are necessary on corporate property on account of the recent decisions of the Court of Appeals.

With kindest regards, I remain,

Most respectfully,

MICHAEL COLEMAN.

E	has	$100,000	of goods manufactured in N. J.,	and is exempt.
F	"	"	of goods manufactured in N. Y. city,	" taxed.
G	"	"	of goods to pay for which he borrowed capital on U. S. bonds,	" exempt.
H	"	"	of goods which he sold U. S. bonds to pay for,	" taxed.
I	"	"	in ships plying from this port, but registered in Boston,	" exempt.
J	"	"	in ships plying in the Pacific, but registered here,	" taxed.
K	"	"	in mortgages in N. J. property, interest paid in Jersey City, and mortgages deposited there,	" exempt.
L	"	"	in mortgages on city property,	" taxed.
M	"	"	money in his pocket,	" exempt.
N	"	"	money in bank,	" taxed.
O	"	"	certificate of deposit in Sub-Treasury,	" exempt.
P	"	"	certificate of deposit in bank,	" taxed.

Q	has	$100,000	specie in the Assay Office,	and is	exempt.
R	"	"	specie in his safe,	"	taxed
S	"	"	check on U. S. Treasury,	"	exempt.
T	"	"	checks on bank,	"	taxed.
U	"	"	Treasury notes,	"	exempt.
V	"	"	promissory notes,	"	taxed.
W	"	"	of U. S. bonds,	"	exempt.
X	"	"	of State or city bonds,	"	taxed.
Y	"	"	in certificate of indebtedness U. S.,	"	exempt.
Z	"	"	in certificate of indebtedness of a corporation,	"	taxed.

"Mr. Andrews added, 'If the alphabet had been longer, my statement had been stronger.'

"It must not be supposed that the results of the attempt to tax personal property in States where returns in detail have been required from the tax-payers have been more satisfactory. In Connecticut that system has prevailed for many years. A special tax commission recently reported in that State the result of the workings of the law. It was found that notwithstanding the growth and increase of wealth, 'the proportion of those intangible securities to other taxable property has steadily declined from year to year. In 1855 it was nearly ten per cent. of the whole; in 1865,

about seven and one-half per cent; in 1875, a little over five per cent.; and in 1885, about three and three quarters per cent.'

"The commission further said:

"'Such considerations as these, coupled with the results of an investigation of now nearly three years into the workings of our tax system, have brought us to the conclusion that all items of intangible property ought to be struck out of the list. As the law stands it may be a burden upon the conscience of many, but it is a burden on the property of the few, not because there are few who ought to pay, but because there are few who can be made to pay.'

"I venture to say that an investigation in any State of this Union, where the most minute and thorough system of questioning prevails with respect to the ownership of personal property, will show that, notwithstanding the great increase of wealth in the last twenty years in the multiplication of evidences of debt, the skill of the owners in concealing their property has grown more rapidly, and that in any State of the Union in which an attempt is made to reach all the personal property of the tax-payer, a smaller percentage of such property is taxed to-day than was reached by the operation of the laws twenty years ago.

"There is a reason for this, in addition to the unwillingness of the owner of personal property to bear a burden which can be easily evaded and which is not generously

shared by his neighbors. Apart entirely from this disinclination of an individual to pay more than his share of taxes, there is an innate sense of injustice at the effect of our laws of taxation of personal property in imposing double taxation. Few tax-payers have reasoned the matter out to themselves, but shrewd and capable business men have a way of their own of arriving at convictions, the strength of which is derived from their business instincts and not from their study of the underlying principles of finance and political economy.

"For instance, a merchant has a deposit in his bank of $50,000; that deposit is taxable in his hands as a credit and as part of his personal estate. The bank may have loaned that $50,000 to a Wall Street broker on the security of $50,000 of railroad bonds, and thus substantially invested the money in those bonds. The bonds are taxable as part of the personal estate of the broker. The merchant may have sold $50,000 of goods, and taken back a note for that amount from his customer; that note is taxable in the merchant's hands as part of his personal estate; the goods that he has sold are taxable in the hands of the purchaser as part of his personal estate. The merchant may have sold a piece of land for $100,000 and taken back a bond secured by mortgage of $50,000. The land is taxable at its full value of $100,000, and would be assessed at that sum if the assessor did his duty. The merchant is taxable on the bond and mortgage of $50,000 as part of his personal estate.

"These injustices of double taxation are partially cured in practice, first, by the offset for indebtedness in the assessment of personal estate; and, second, by the practice of assessors in assessing real estate at various percentages of its actual value, differing in different localities. Nevertheless, I think there is an unconscious appreciation in the minds of business men of the injustice of our system of taxation in attempting to tax—

"First, all visible, tangible property at its full value; and,

"Second, all credits, loans, evidences of debt, including bonds and promissory notes.

"Intangible personal property is but evidence of title or right to visible, tangible property in the hands of the debtor, which in the case of corporations is enhanced in value by being utilized in connection with corporate franchises, but in the hands of individual debtors is the sole source from which must come the means to respond to the obligation. The injustice and hardship of double taxation, dimly appreciated as a matter of principle, but fully felt as a matter of practice, seems to be responsible for a vast amount of evasion of taxes, which is attributed by theorists solely to the innate influence of original sin in men who have taken the first steps in wickedness by the acquisition of a substantial amount of personal property.

"It must never be forgotten that personal property, especially of an invisible, intangible character, is capable of easy removal, and its owner can, without difficulty,

change either its location or his place of residence. Indeed, the more property of this character he has, the easier it is for him to submit to such sacrifices as would be involved in a change of domicile. No greater misfortune could happen to the State of New York than to have its system of taxing personal property so stringently applied as to successfully reach all personal property within its borders. For one year the property might be taxed. The next year would see hundreds of millions of capital withdrawn from the State, and flown with its owners to more congenial places of abode.

"What is the remedy?

"Surely a system which is responsible for a vast amount of perjury; for numberless acts, annually committed, which to the tax-payer himself seem wrong and a violation of law—for very few tax-payers are good enough lawyers to appreciate that they are fully within the law and not at all violating it by evading their personal taxes—a system which fails utterly in producing the result that it was intended to bring about, must be pronounced to be bad, and the system must either be improved so as to be more effective or be replaced by some other method of taxation.

"I urge that it is perfectly evident that both of the two methods employed in the United States to reach all personal property, either by exhaustive returns under oath —a most prolific source of perjury—or by the wild guesses of the tax assessor, must be abandoned as im-

practicable, unwise, ineffective, tending to demoralize the conscience of the tax-payer, and utterly unfitted to accomplish the desired result. It is equally evident, from the experience of our sister States, that the system cannot be improved so as to be effective. Indeed, the more it is improved the more objectionable it becomes, the more it encourages perjury from the conscienceless, and drives from the State the capital and persons of the conscientious. I admit that it is useless to expect abolition of the taxation of personal property until some other scheme has been devised which can be effectively worked so as to produce the necessary taxes with the least possible friction to the tax-payer and expense of collection, and until the public mind has been sufficiently educated to accept it in place of the present antiquated method of taxing personal property.

"I do not give my adherence to the single tax theory, maintained with such signal ability by many of its advocates on all occasions. I am free to admit, however, that nothing but good to the cause of tax reform can come from the agitation of the subject by a zealous and determined body of educated and thinking men. If the result of their efforts shall be to arouse the public mind to thought upon the question of taxation of real and personal property, the outcome may safely be trusted to the conflict of opinion and the war of ideas, from which I have every confidence that eventually the true solution, whatever that may be, will successfully emerge.

"Whether or not the future taxation of this State is to be on land alone, I consider that nearly all thinkers upon this subject, who have given it substantially any attention, consider that the mainstay of any system of taxation, for local purposes, at least, must always be a tax upon land in some form, and that the general tax upon personal property must eventually give way before the advancing tide of public information and enlightened opinion. It is to be hoped that eventually we shall have a system under which all State taxes will be raised on real estate, and such taxes as franchise taxes on corporations, supplemented possibly by an income tax. I trust that the day is not far distant when the different localities of this State will be at liberty to determine for themselves what shall be the method of local taxation within their respective boundaries.

"Enlightened discussion, fair argument, and vigorous prosecution of our different views may finally result in some common ground being reached upon which we can all stand, and we will doubtless all agree that the immediate result to be attained is the abolition of our present antiquated and oppressive system of taxation of personal property."

CHAPTER VII.

ROBBING ONE ANOTHER.[1]

Personal taxation breeds liars and perjurers.—Taxation in Ohio.—Real estate taxation would help the farmer.—Valuable real estate found chiefly in cities and towns.—Personal property in cities escapes taxation; in the country it is reached by the assessor.—Startling figures.—Statistics prove the same thing, however approached.—Specific cases.—The tax on watches, on carriages, and on money in bank.—Theorists who are practical, and practical men who are bad theorists.—The case of New York.—How personal property melted away under taxation in California.—Taxation on real estate alone the remedy.

THERE is no more persistent notion than that the taxation of personal property will transfer the burdens of government to corporations, and relieve various classes of the community, especially the farmers, from taxation that they are little able to bear.

If anything in human experience, as applied to methods of taxation, is settled, it certainly is the fact that taxation upon personal property never can be made a success. Taxes can be raised from personal property, no doubt, for large sums are thus raised; but that they cannot be levied with any reasonable approach to accu-

[1] This chapter is Mr. T. G. Shearman's lecture before the Ohio legislature about three years ago, revised by himself for this work.

racy or equality is demonstrated, not only by conclusive reasoning, but by the more conclusive fact that they never have been thus levied. It is not for want of earnest and long-sustained effort that the failure of this system of taxation has come to pass. For centuries the effort has been made, and for at least six centuries it was backed by all the power of a government which commanded the whole civilized world and which armed its tax-gatherers not with the paltry weapons of oaths and penalties, but with the more substantial powers of indiscriminate search, the lash, the rack, the thumbscrew, the gridiron, and the cross. The Roman Empire fell to pieces under the pressure of this vain effort to reach personal property by taxation. The same thing was attempted, at a later period, in dealing with the Jews. It failed with them. They could be robbed and murdered, but they could not be regularly taxed.

That which all the tremendous power of Rome in its grandest days failed to accomplish, that which the infernal tortures of Spain could not accomplish when it beheaded hundreds, burned thousands, and massacred tens of thousands, letting loose a brutal soldiery in the vain struggle to tax the Netherlands, the American people are still apparently convinced that they can accomplish by distributing blank forms, administering long oaths, and threatening penalties of fifty per cent. How far they have succeeded, the late governor of Ohio has set forth in repeated messages, as the governors of New

York have for many years set forth in theirs. Their complaints have become monotonous in their uniformity. Nothing, indeed, has been added to the sum of knowledge on this point since the calm and detailed report of David A. Wells to the New York legislature in 1871, in which the experience of that State and many other States was luminously set forth, and it was made clear that taxes on personal property were nowhere equally assessed or efficiently collected.

The result of the widespread maintenance of these taxes is to fill the land with liars and perjurers. In some States, the business of perjury is mostly confined to the assessors, who regularly make returns which they know to be false, but cannot make true. In others, such as Ohio, Vermont, and Connecticut, perjury is the business of the tax-payers. Their scrupulous consciences, in many cases, find a way of escape by omitting, in fact, to take the oath which they sign, and they are innocent of everything except lying. The delicately conscientious get some one to sign for them, and, where an oath is absolutely required, a considerate notary certifies to the oath before it is taken, after which, of course, it is not taken at all. On surveying the whole field, however, one's faith in American truthfulness is cheered, and we entertain larger hopes for the future of humanity. For it appears that where the blanks are diligently circulated, and the oath insisted upon, the average man will return ten, if not fifteen, per cent. of his invisible prop-

erty; whereas, in the absence of this appeal to piety, he will return nothing at all. This touching proof of American reverence for the sacredness of the oath reminds one of the famous Yankee, who, hearing his father accused of having falsely warranted the quality of a trifle sold for twelve and a half cents, replied: "No; the old man would never tell a lie for ninepence, though he would tell eight of 'em for a dollar."

Of course there are some forms of personal property which can be seen and appraised by the assessors almost as readily as real estate, though not with so correct an estimate of value. The objection to taxation of chattels is not that none of them can be taxed: it is that so many of them can be and are reached, while so many are not, that the tax is necessarily unequal and unjust. The important question, therefore, is, upon what class does this tax bear most oppressively? If taxes were levied only upon real estate, would the smaller property-owners, and especially the farmers, pay more or less of the whole taxes than they pay now?

Farmers generally have been long convinced that the rigid taxation of personal property would relieve their burdens, and it is by their votes that the existing system is maintained. This is all theory on their part. They have not studied the facts and know nothing about them. They assume that "it must be so."

But let us study the facts before discussing any theory. The assessment returns of Ohio furnish all the facts

which are needed in order to determine whether taxation on personal property is of any benefit to the agricultural community.

Any attempt to separate the community into two distinct classes, one of which is taxable only on real estate, and the other of which is taxable only on personal property, is obviously impossible and absurd. No man is ever reached by the tax-gatherer who does not occupy some piece of land. If he did not, the tax-collector would never find him. Tramps pay no direct taxes. Neither can any man live without occupying some improvements on real estate and possessing some personal property. Every tax-payer, without exception, is an occupant of land and improvements upon land, and an owner of personal property. The only selfish interest which any tax-payer has in deciding between rival systems of taxation is to know which will produce a sufficient revenue to the state with the smallest possible burden to him. In considering, therefore, the interest of any class, such as farmers, the real question to be answered is not whether they in fact own more or less personal property than merchants, bankers, and money lenders. It is, first, whether they own more personal property in proportion to the value of their land than do those other classes; and, second, whether the particular kinds of personal property which they own are more easily reached by the tax-gatherer than are the kinds of property owned by the other classes. The state must raise a certain fixed

amount for public purposes. This amount it will assess upon all the tax-payers in proportion to the value of their property as reported by the assessors, not in proportion to its real value, which the assessors, of course, are never able exactly to ascertain. If, therefore, experience proves that assessors are able to find twenty times as much land value in the possession of merchants as they can among farmers, but only ten times as much personal property among merchants as they find among farmers, it is a plain result, as simple as the rule of three, that the taxation of personal property will end in making farmers pay a larger proportion of the taxes than they would pay if all taxes were concentrated on land.

Now the average farmer, no doubt, says at once that this is impossible. He owns, we will say, a hundred acres of land, and he knows of no merchant in any of the great cities who owns so much as one acre. He owns neither stock nor bonds, and has only $500 in the bank. He knows of a thousand merchants or money lenders who each own $100,000 or $1,000,000 in stocks and bonds, and keep balances of $50,000 in the bank. He asserts, therefore, that it is a matter of plain common-sense that the exemption of personal property from taxation must increase his burden, so as to make him pay a hundred times as much as the merchant and banker.

But the farmer, in reasoning thus, entirely overlooks the most important facts of the problem, and abandons the common-sense of which he so much boasts. That

common-sense would tell him that, just as his hundred acres are worth to him far more than a hundred thousand acres in the midst of Africa would be, so one-tenth of an acre in the heart of Cincinnati is worth more than all his farm. It would also tell him that the assessor can easily count his cattle, horses, sheep, and hogs, and estimate pretty correctly their value, whereas the most expert assessor can never find out how many bonds the banker owns, unless he can persuade that banker to tell him; while in estimating the value of the banker's furniture, he might guess at $10,000, $25,000, or $50,000, with a perfectly equal chance of being right or wrong in either case. The banker has chairs standing side by side, apparently of exactly equal value, but one of which cost $25 and the other $250. He has two paintings, one of which is five times as large as the other, and which the honest farmer might therefore think to be five times as valuable, whereas, in fact, the large picture is barely worth $500, while the small one would sell as quick as lightning for $20,000. There are many houses, in large cities, upon the interior decoration of which the owners have each spent more than $100,000. The most experienced assessors would fail to discover that these decorations were really more costly than those in adjoining houses, which in fact did not cost one-tenth of that amount.

Nor is the difficulty of this problem confined to the difficulty which the assessor finds in doing his work. Vast amounts of what is commonly called personal

property, and, indeed, the bulk of those things which the average farmer seeks to tax as personal property, consist of really nothing but rights over real estate. Thus the stock of railroad corporations, when it has any value, consists very largely in the land which the company covers by its tracks, engine-houses, stations, etc., and the bonds of such corporations represent practically nothing else. The franchises of such corporations, which, of course, constitute a large part of the value of both stocks and bonds, really consist of nothing but the right to use certain tracts of land to the exclusion of all other persons. Under a system of taxation assessed on the value of land, those franchises would be assessed at their full value, because the franchise of exclusive use is all that gives to any land its commercial value. The system of taxation upon real estate alone would, therefore, levy taxes upon every dollar which corporate franchises are worth. No system of taxation on personal property is needed in the smallest degree for this purpose. It is indeed only a hindrance to it and a convenient means of evading taxation; for the assessor, not being allowed to compute this value in estimating the value of the land, has to take his chances of finding it under the name of personal property. All mortgages on land are, of course, practically, interests in the land itself, and would be fully taxed under a system of taxation confined to the value of the land alone.

In the light of these considerations, let us review some

of the statistics furnished from year to year by the official reports of assessors in Ohio, as compiled annually in the auditor's report. For the purpose of such comparison, let us set on one side the four counties which include all the largest cities, and on the other side the five counties which contain the smallest proportion of city population among all the counties of Ohio.

The former, which we will call the city counties, include Hamilton, Cuyahoga, Franklin, and Lucas, with the cities of Cincinnati, Cleveland, Columbus, and Toledo.

The latter, which we will call the rural counties, are Geauga, Noble, Carroll, Medina, and Monroe.

These counties respectively represent the extreme contrasts between the cities and the farms of the State. Thus, in Hamilton and Cuyahoga the assessed value of town lots is about seven times the assessed value of the farms, whereas in the five rural counties the assessed value of farms is nowhere less than ten times that of town lots, while in Geauga County the farm lots are worth twenty-seven times as much as the town lots. Hamilton County, which includes Cincinnati, is the typical city county of Ohio, while Geauga, which includes no large town, is the typical rural county.

The first thing which strikes the eye on looking over the statistics of these counties is the following comparison:

	Assessed valuation of Real Estate.	Assessed valuation of Chattels.
City counties	$317,854,665	$113,340,087
Rural counties	29,733,450	14,307,668

Any one can see that, in the counties which include all the large cities, the assessed value of personal property is only about one-fourth of the whole assessment, while in the rural counties personal property constitutes very nearly one-third of their whole assessed value. In more exact figures the value of assessed personal property in the city counties is 26¼ per cent. of the whole, while in the rural counties it is 32½ per cent. If, therefore, all personal property should be exempted from taxation, the farmers of these five exclusively rural counties would pay eight per cent. *less* taxes than they do now.

That this result is not a mere accident, owing to some peculiar condition of these particular counties, is easily proved by testing the same question in other ways. Thus, if we set apart the four great city counties and compare them with all the rest of the State, including farming districts and smaller towns indiscriminately, we find substantially the same result, as follows:

	Real Estate.	Personal Property.
City counties	$317,854,665	$113,340,087
Remainder of State	867,154,960	406,832,007

Here, in the counties which include all the great cities, personal property amounts to 26¼ per cent. of the whole valuation; while in the remainder of the State it amounts to 32 per cent.

But if we compare single counties, such as Hamilton, in which town lots compose about 85 per cent. of all the real estate, with Medina, in which town lots compose

only 10 per cent. of the real estate, we find the result as follows:

	Real Estate.	Personal Property.
Hamilton	$163,732,580	$53,144,182
Medina	8,304,740	5,012,304

Here we find that the real estate of Hamilton County is assessed at twenty times the value of Medina County, while the personal property of Hamilton is assessed at less than eleven times that of Medina. More exactly, personal property constitutes 24½ per cent of the valuation of Hamilton, and 37½ per cent. of the valuation of Medina. The total exemption of personal property from taxation, therefore, would, if taxes were divided only between the counties of Hamilton and Medina, relieve the farmers of Medina from 16⅔ per cent. or exactly one-sixth of their present burdens. This is probably an extreme case, but not a single instance has been yet found in which a rural county would not find its burdens diminished, in comparison with those borne by Cincinnati, if personal property were exempted from taxation.

But let us test this question in still other ways. The chief clamor in favor of taxing personal property has been directed toward the taxation of moneys and credits; and the money lender who is supposed to have vast sums on deposit in bank, and the merchant who is supposed to have vast outstanding credits due from the poor farmers, are the special objects against whom this method of taxation is aimed—all for the relief of the

farmers. Let us see how this works, by a comparison of the same typical counties. The auditor's report for 1887 shows that their relative assessments were as follows:

	Real Estate.	Moneys.	Credits, etc.
City counties	$317,854,665	$5,328,050	$13,291,833
Rural counties	29,733,450	907,829	4,384,381

Roughly stated, it thus appears that, if taxation were confined to real estate alone, the city counties would pay eleven times as much as the rural counties; whereas, if taxation were levied on money alone, they would pay less than six times as much, and if levied on credits alone, a little more than three times as much; while if taxation were levied on both money and credits, they would pay about four times as much. Consequently, the burden of taxation in rural counties, as compared with the large cities, is nearly twice as heavy on money as it is on real estate, and nearly three times as heavy on money, loans, and credits of all kinds taken together. *The only result, therefore, of taxing moneys, credits, and similar investments, is to relieve the burden of the cities and increase the burden of the farms.*

Let us test this particular illustration by comparing the county of Hamilton, in which the town lots are worth seven times as much as the farming lands, with Geauga, in which the farm lands are worth twenty-seven times as much as the town lots:

	Real Estate.	Moneys.	Credits.
Hamilton	$162,732,580	$1,833,279	$5,735,945
Geauga	5,555,800	282,118	534,477

Roughly stated, Hamilton County is assessed for nearly thirty times as much real estate, less than seven times as much money, and less than eleven times as much credits as Geauga County. If taxation were levied exclusively upon money in hand, Geauga County would pay between four and five times as much as it would if the taxes were levied exclusively on real estate. If taxes were levied solely upon credits, Geauga would pay nearly three times as much as it would if they were levied solely on real estate. There is not much evidence here of any advantage gained by the average farmer through his diligent search after the money lender and the creditor.

For many years, and, in fact, persistently ever since 1846, when Ohio adopted the present system of taxation, Ohio farmers have been clamoring more and more loudly for protection from unjust taxation, for greater burdens upon merchants and bankers, and for more stringent enforcement of the law. The tax and assessment laws have been amended again and again, in obedience to this demand, and state officers have been continually more persistent in their efforts to shift the burden of taxation from farmers to capitalists by means of a rigorous enforcement of taxation upon personal property. Let us, therefore, inquire whether there is any tendency to improvement in these respects, and whether the history of the last few years encourages the hope that the evasions of the "Shylocks" can be put an end to, and the honest farmer relieved, by a more thorough assessment of per-

sonal property. For this purpose, let us again compare the typical counties of Hamilton and Geauga—the former having an almost exclusively city population, and the lat ter being occupied almost exclusively by farmers.

If there are any items in which the Shylocks ought to make a better showing than the farmers, surely watches, pleasure carriages, money on hand, and credits would stand first on the list. Let us take them in succession:

Number of Watches.	1882.	1887.
Ohio	118,286	114,631
Hamilton	9,283	8,659
Geauga	845	922

These statistics tell a sorrowful tale of poverty and destitution among the poor farmers of Cincinnati; while they indicate that the bloated capitalists of Geauga County are the chief patrons of the fine watchmakers of Paris and Geneva. Let us turn from this sorrowful picture to

Pleasure Carriages.	1882.	1887.
Ohio	254,918	224,440
Hamilton	13,710	9,854
Geauga	2,488	1,717

Here one finds some slight relief, not, indeed, in the increasing prosperity of any part of Ohio, but in the fact that the poor farmers of Cincinnati do not seem to have given up any larger proportion of their pleasure carriages than the Shylocks of Geauga; while a desolating wave of poverty has swept over the entire State, resulting in the loss of nearly one-eighth of all the carriages in the State. Let us look at

Money on hand.	1882.	1887.
Ohio	$46,160,629	$35,132,131
Hamilton	2,321,502	1,833,279
Geauga	352,053	282,118

Here, again, a wave of poverty has flooded the whole State, in tolerably equal proportions. Money is evidently rapidly vanishing, for the total stock of the State has fallen off $11,000,000 in five years, diminishing *twenty-five* per cent. in Hamilton, but only twenty per cent. in Geauga. We will now look at

Credits.	1882.	1887.
Ohio	$104,838,938	106,173,894
Hamilton	6,571,829	5,735,945
Geauga	560,693	534,477

Here we see that Ohio, as a State, is a money lender to the extent of one per cent. more in 1887 than in 1882. But again the poor agriculturists of Cincinnati come to the front with a loss of $836,000, or 12½ per cent. of their total stock; while the loss in Geauga County is only about one-third as much, or a trifle over four per cent.

In reviewing this sad picture of decline, one is reminded of Goldsmith's melancholy words:

"Where wealth accumulates and men decay."

But in Ohio, it appears that men accumulate and wealth decays; for the population of the State has largely increased, while apparently its wealth is ebbing away. Truly was it said by the wise man of old, that "riches have wings," for the disappearance of money from Ohio conclusively proves it. Looking at the returns of car-

riages, one is tempted to think that the principal reason why they have wheels is to enable the owners to take them out of Ohio; and as for the watches, they are certainly not open to the accusation so often brought against French clocks, that they will "never go." Ohio watches certainly can and do "go," with a rapidity and steadiness not often equaled.

Figures like these might be collected not only from the statistics of Ohio, but from those of every State and country under the sun where statistics are kept and personal property is taxed. *They* are the moon-struck theorists, who, in contradiction of all the facts and all the experience of the world, persist in the vain endeavor to tax personal property, and in the absurd assertion that this form of taxation tends to relieve farmers.

Farmers cannot conceal their sheep and oxen, their plows and implements; and they have enormous difficulty in concealing their wealth in any form, because their affairs are so well known to all their neighbors. If they have any money in bank, all the village knows it. If they have loaned money or sold goods on credit, their debtor is pretty sure to be some one in the immediate neighborhood, and all the circumstances are known to fifty people. The average farmer, when making his returns to the assessor, is afraid to understate his wealth very greatly, because he could hardly look the assessor in the face after doing so; being conscious that, if the assessor does not already know the truth, he can with

very little difficulty find it out for himself. But in large towns and cities scarcely any man knows, intimately, the affairs of his neighbor; and the assessor knows least of all. People are reputed to be worth $1,000,000, who in reality are not worth $50,000; and others are reputed to be worth only $100,000, who in reality are worth $2,000,000. Even if the amount of any man's wealth is approximately known, none of his neighbors know how that wealth is invested, unless it is put in real estate. The assessor, therefore, has absolutely no means of ascertaining the value of any man's personal property, except by returns from that man himself, or from the corporations with whom he may happen to invest. If an Ohio man makes his principal investments in corporations outside of the State, the assessor is entirely at the mercy of the tax-payer. He can tell any number of lies with impunity. The assessor rarely or never examines his books of account; and, if assessors once began to make such an examination, many rich men would cease to keep books of account at all, as it is notorious that they did when the income tax was in existence. All things combine to make it easy for the assessor to reach the farmer's personal property, and difficult for him to reach that of the merchant, banker, or city capitalist.

How is it in the State of New York? One of the most experienced assessors in that State, Mr. George H. Andrews, addressing a legislative committee on October 6, 1874, said:

"No man and no corporation, banks only excepted, need pay a tax upon personal property. Widows and orphans must pay. Upon them, in the extremity of their distress, the law lays its heavy hand. It bereaves the bereaved. Moribund itself, it has an affinity for the effects of the dead. The records of the surrogate furnish the schedule, and the machinery of the law used in adjusting an estate is not sufficiently flexible to regularly permit such a transfer of securities as would insure an exemption."

As might well be expected, the State assessors, on January 21, 1874, reported "that less than fifteen per cent. of the personal property of the State, liable to taxation, finds a place on the rolls of the assessor, and that of mortgages not over five per cent. of the value is assessed." In one town, the proceeds of a single auction sale of cattle, belonging to one resident, amounted to $360,000; while the whole assessment of personal property in that town was $28,850, "a sum very much less than that obtained for one cow." The assessors say: "A large percentage of all the personal property assessed is found entered on the rolls to women, minor heirs, lunatics, who cannot watch with the eagle eye of business men, or to trustees or guardians." In some towns, these classes hold more than one-half of all the personal property on the assessment roll. Two widows residing in the village of Batavia were assessed for more personal property than all the individuals in the neighboring city

of Rochester, with a population of 70,000. In one town a girl, mentioned in the assessment as a lunatic, was assessed $5,000 for personal property, which the assessor stated was the full amount of her personal estate. All over the State, "the amount of assessments depends more on the will, craft, conscience (or want of conscience) of the party assessed than upon the law or its enforcement."

Experienced Ohio assessors say that the most honest returns of property are always made by the poorer classes, and the most inadequate returns by millionaires; while widows who have no experience in business, and trustees who represent widows and orphans, are taxed upon every dollar that they own.

The experience of California furnishes perhaps the latest example of the utter failure of all schemes for taxing personal property to work out anything like an approximation to justice.

In 1879 a new constitution was adopted. It was carried through solely by the farmers' votes; merchants, bankers, and capitalists, whether large or small, voting almost unanimously against it. Under this constitution and these laws, not only are bonds, money, and credits taxable, without any deduction on account of debts—except from credits, and then only such debts as are due to residents of the State of California—but holders of stock in corporations are avowedly and intentionally subjected to double taxation, first upon the corporate property, and again upon the capital stock, which is merely their

evidence of title to that property. It was supposed, alike by the friends and enemies of the new constitution, that under its operation personal property of every description would be thoroughly reached, and, at any rate, that whatever was by any chance overlooked would be more than made up by double taxation upon that which was found. The actual result has been to falsify all the predictions of both the friends and enemies of the constitution; for it has done no good, and very little harm except in promoting fraud, for the reason that the capacity of the patriotic tax-payer to commit perjury, and the susceptibility of assessors to bribery, had been altogether underestimated. Some of the results are positively ludicrous.

If the assessment returns are to be believed, in nine-tenths of California there is not a pound of butter; in four-fifths of the State the sheep do not produce any wool; fifty counties have quantities of bee-hives, but only four have any honey; personal property is vanishing from San Francisco; loans of money are becoming unknown in the rest of the State; bonds of cities and municipalities of all kinds are not held within the State to an amount equal to one-sixth of the county bonds outstanding alone; and, finally, money has been smitten by a pestilence—two-thirds of all that there was before the adoption of the constitution having already taken to itself wings and the remainder being evidently on the way. One of the great objects of the new constitution was to tax railroad, telegraph, and telephone companies

to the last cent of their value. The actual result has been that telegraph and telephone companies are now assessed for the cost of less than their bare poles, or about $65 per mile. The railroad companies resisted taxation for one or two years; at the end of which, by a singularly simultaneous impulse of virtue, some thirty boards of supervisors directed their district attorneys rigorously to prosecute the railroad companies to the uttermost of the law. Thirty district attorneys forthwith hauled the railroad companies before the magistrates of justice. With equal promptness the thirty boards of supervisors met, and, without any consultation with each other, passed resolutions directing the district attorneys to compromise all suits at sixty per cent. of the amount claimed; and the thirty district attorneys obeyed before the State officers could put in a protest.

The following table will show the working of a series of measures which were expected, above all things, to increase the burdens of taxation upon San Francisco, on personal property and especially on money. For convenience, thousands are omitted in this table, and the figures "000" must be added in every case:

IN THOUSANDS OF DOLLARS.

1880.	Land.	Improvements on land.	Personal property, not money.	Money.	Total.
San Francisco.....	122,030	42,969	68,584	19,747	253,330
Remainder of State...	227,127	68,568	81,072	4,931	381,698
	349,157	111,537	149,656	24,678	635,028

IN THOUSANDS OF DOLLARS.

1886.	Land.	Improvements on land.	Personal property, not money.	Money.	Total.
San Francisco.....	120,375	55,034	48,705	6,188	230,302
Remainder of State...	340,274	100,775	94,022	2,887	537,953
	460,649	155,809	142,727	9,075	768,255

In the foregoing table, no account is taken of railroads, which are separately assessed by State officers. There was an increase in the valuation of railroads, from $31,174,000 in 1880 to $48,051,000 in 1886—of course nearly all outside of San Francisco.

In reviewing this table it will be seen, that, while improvements upon land in San Francisco increased about one-third in six years, personal property other than money fell off nearly one-third, and money fell off more than two-thirds. In the rest of the State, which is mainly agricultural, the value of improvements increased nearly one-half; personal property other than money increased nearly one-sixth; while the loss of money among the farmers, though severe, did not compare with the affliction which befell the bloated capitalists of San Francisco in that respect. The general result was to reduce the share of San Francisco in taxation, from 40 per cent. to 30 per cent. In other words, the city paid 25 per cent. *less*, and the farmers 16⅔ per cent. *more*.

Looking into the details of personal property, attention is naturally attracted toward the three items of merchandise, bonds, and credits; on all of which it was sup-

posed that the new constitution would have a great effect in increasing the assessment of personal property. The actual result is as follows:

IN THOUSANDS OF DOLLARS.

1880.	Mdse.	Bonds.	Credits.	Total.
San Francisco.....	16,146	2,311	5,973	24,430
Remainder of State....	11,504	729	14,740	26,973
	27,650	3,040	20,713	51,403
1886.				
San Francisco.....	15,713	449	6,379	22,541
Remainder of State....	15,042	678	6,211	21,931
	30,755	1,127	12,590	44,472

Although the abolition of taxes on personal property would result in lessening the burden of farms and increasing that of large towns, the inhabitants of the towns would not be real losers by such a system. Their opportunities for development would be vastly increased. They would be released from most of the burdens which are now imposed by taxation on improvements and industry; and the increase of wealth and prosperity, both in town and country, would proceed at an unprecedented rate.

Why, then, should not the whole attempt to tax personal property, directly, be abandoned, and the simple, practicable method of concentrating all taxes upon real estate be adopted in its place? It has been shown that such a system would not work injustice to farmers or the rural districts generally, because it would not increase, but would rather diminish, their present share of taxa-

tion. Nevertheless, each individual farmer will probably say that he does not own as much personal property, in proportion to the value of his land, as is owned by capitalists in the large cities. It is certain, however, that a vast majority of the farmers are, at any rate, *assessed* for more personal property in proportion to their land than are city residents; and, therefore, it is equally certain that farmers, if they carefully compared the assessments upon themselves with the assessments on wealthy men in cities, would find that very few of the latter are or ever could be assessed for as much personal property in proportion to their land as farmers are. Whatever is true of all farmers taken together as a class, must be true of the great majority of them taken as individuals.

CHAPTER VIII.

TAXING HONESTY AND THRIFT.

An income tax a coming possibility.—It is a fine on industry.—Its effect upon our commercial relations with foreign countries.—Destruction of wealth.—Failure in practice of the graduated income tax.—Germany's income tax.—England's.—What Mill says.—Necessarily an unequal tax.—How far an income tax may be shifted.—Ordinary arguments in favor of the income tax the best evidence of its evils.—Objections summed up.—A way out suggested.

MANY persons who see the folly of the listing system believe that an income tax offers the best substitute for present methods of taxation. Mr. Joseph Dana Miller published in *Belford's Magazine* for November, 1891, an article admirably demonstrating the folly and injustice of an income tax. Mr. Miller writes from the point of view of the absolute free trader, and would substitute for all present taxes a single tax on land values. The Tax Reform Association is not urging such a substitution, but Mr. Miller's article is valuable as an argument against an income tax, and, as such only, it is reprinted here. Says Mr. Miller:

"The total abolition of the tariff, and the necessity of resorting to some other method of raising revenue, is not

a remote contingency. The reduction of the tariff to a point yielding insufficient revenue, when other methods of taxation must be considered, may not unlikely engage the attention of the next Congress. At all events, the question of direct taxation is fast impending; and it is important to know what is offered as a substitute for the imposts upon commerce which have hitherto yielded the greater portion of our national revenues.

"There will be many members in the Congress recently elected who are ready and anxious to face the alternative of no tariff at all and some other tax, and a much greater number for less tariff and new methods of taxation.

"It is true that commerce may to a great extent be freed without diminishing, nay, with even increasing revenues; that in many instances the placing of what are known as 'raw materials' upon the free list, by enlarging trade and increasing the volume of imports, will increase rather than diminish the amounts raised by customs duties; that, in brief, a tariff may be so adjusted as to yield the maximum of revenue with the minimum of duties, leaving our trade as free as that of England, and making us more than her rival in neutral markets.

"But such a tariff would still be a burden upon commerce; would still bear with unequal weight upon the poor, being as it is a tax not upon wealth, but upon consumption; would still leave open the doors to protec-

tionist schemes for raising needed revenue, for in all the world there is not a so-called protective tariff but was born of a revenue mother into the hands of a protection *accoucheur*. And it may be briefly indicated, in passing, that such reduction of the tariff as would make us once again England's competitor would be certain to induce England to cast off her remaining tariff shackles, which would give her another leap forward in the industrial race of nations, with America once more in the rear. So the abolition of the tariff makes the question of direct taxation inevitable before many years. And such taxation must be of a kind to leave our labor and capital the freest. Is the income tax such a tax?

"The kind of income tax most likely to be imposed is one exempting incomes below a certain fixed sum. It will be assumed that incomes below one thousand dollars per annum represent actual necessities, and upon all incomes in excess of that sum government may levy at discretion. Let us consider, first, the impolicy of such a discriminating income tax.

"A tax exempting incomes below a certain fixed sum intensifies the effect which all such taxes have, of operating as fines upon industry. Its effect is precisely the same as discrimination in railroad rates in favor of certain localities to the disadvantage of competing centres. Such railroad discriminations as, for example, enable farmers at distances to transport their wheat more cheaply than farmers nearer to the market, result not

solely to the disadvantage of individuals, but, what is not so clearly apparent, in the actual destruction of wealth. Its effects are positive as well as relative.

"Its operations may be illustrated in another way. If the United States imposed taxes on incomes, and Canada imposed none, and all other things were equal, the Canadian manufacturers and merchants would have an advantage in both Canadian and American markets. Its effects as between competing individuals are the same as between competing countries. A discriminating income tax is a tax in favor of some men as against others. It puts some merchants and some manufacturers at a disadvantage in competition with others.

"It is not, then, merely that an income tax is unequal in its operations, but that the operations are destructive of wealth. When we exempt small incomes, and tax larger ones, what in effect are we doing but taxing the larger abilities in favor of the smaller? Not that this is true in all cases, since large incomes are often the result not of superior abilities, but of monopolies secured to the possessor by legislation. But it is generally true, nevertheless, that higher incomes denote higher manual or commercial intelligence. This income, these wages, are the payment by society of the higher order and value of service. Society pays it because the service is worth it. For society to turn and take part of it back is to declare itself a foolish paymaster, or to assume tacitly that the income is due to the possession of special privileges

which society has unjustly created. In either case the process discredits the system.

"Is there any escape from this conclusion? Does not, in fact, the advocacy of an income tax in itself contain the admission of the injustice of social conditions which secure to the receivers such incomes? If not, why is it just to tax incomes? A proportional income tax is a robbery of the rich for the benefit of the poor—that is, it is theoretically such. Practically it would not be. For the history of taxation abundantly reveals that all systems leveled against wealth return against poverty.

"Almost every country imposes income taxes. But these vary and have varied with time and place. A graduated income tax—that is, a tax increasing *pro rata* to income—which is of the kind most likely to recommend itself to the Farmers' Alliance—was first proposed by Say and the French economists. But nothing is more conclusively demonstrated than its failure in practice. It took England just twelve months to get rid of it, the graduated feature of the tax being adopted in 1798 under Pitt, and abolished in 1799. And this occurred in a time of war, when all kinds of taxation are imposed and continued, regardless of effects or of the difficulties of assessment and collection.

"Germany has long levied an income tax. Professor Goldwin Smith says, 'there is no complaint in regard to it.' Austria imposes an income tax on almost all incomes, classified at different rates according to the

sources whence they are derived, with the exaction of three times the amount of the tax as a penalty for making false returns. Italy imposes an income tax, but as the fiscal administration of Italy is not conducted on any recognized principles, and the tax is only one among a thousand for extracting the *lire*—from one on show-cases and awnings, to others on decrees of separation between husbands and wives, and permits for exhuming the dead—it occupies an unimportant place. Land, however, pays no taxes, incomes derivable from this source being exempt; but Italy's marvelous diversity of penalties upon the making and doing of things—together with a tariff as extraordinary as our own—is as notable as the national poverty and degradation.

"Unfortunately, little can be gathered as to the operation of the tax in those countries in which 'there is no complaint.' It is only under representative governments that the systems of taxation in vogue become objects of complaint or criticism. It is to England we must turn if we would learn something of the mode of taxation we are considering. Even here the data are meagre and unsatisfactory.

"In England the income tax yields a large revenue; yet the organized opposition to it is strong and active. Such opposition is based rather upon the necessarily inquisitorial mode of its assessment and collection than upon the broader considerations which condemn it. And the objections are strong against a system which calls for

the merchant's and broker's ledger and private accounts, the amount of profit on sales, and the sums of borrowed capital, as the price of exemption from excessive overcharge. And when these business secrets are laid before surveyor and commissioners who are fellow-townsmen—perhaps actual rivals in business—the embarrassing nature of such investigation can better be imagined than described.[1]

"Mill contends in his *Political Economy* that the income tax has such objections in practice that it should be reserved only for special emergencies. But the injustice of the income tax has usually been aggravated by the fact of its being a temporary measure, and by reason of its constant modifications disastrous in effect, falling upon incomes which cease with the expiration of the tax, to the exemption of the future and larger incomes from investments in process of maturing during its continuance.

"Historically, however, Mill's dictum is justified; for the income tax has never occupied any other than a subordinate place in the taxes of any country. 'In France the attempt to introduce it utterly failed,' says Goldwin Smith; and in India it was so unpopular that it had to be abolished. In England it has been continued, but always under protest, and with apologetic explanations from every successive Chancellor of the Exchequer.

[1] See Smith's *Wealth of Nations*, Black & Tait's edition, 1846, p. 884. (ED.)

"Beginning with the imposition of an income tax of four shillings in the pound, in 1689, by the English government, which is said to have borrowed it from Holland, where it had long been known to Alva and the Spanish plunderers and tax-gatherers who preyed upon the people of the Netherlands, this particular mode of taxation has been subject to such alteration, modification, and attack as to reveal its essentially unstable character. Precisely as a tariff tax, upon which there is no practical agreement among either revenue-tariff men or the schools of ultra-protectionists, the kind and degree of an income tax among those who uphold it as a tax to be recommended in itself has been shuttlecock for every battledore. But, historically, it has been either a war measure or an alternative.

"The income tax was imposed by England in 1797 to defray the expenses of the war with France. It was re-imposed after the renewal of hostilities following the conclusion of the Peace of Amiens in 1803, and concluded at the final peace in 1816. It was distinctively a war measure.

"It was imposed again in 1842 by Sir Robert Peel, to meet the deficit anticipated from the reduction of duties upon imported wheat and cereals. It was this time imposed as an alternative, and not as a tax possessing in itself any advantage.

"The income tax in England has been subject, as I have said, to constant modification and attack; but the

more radical readjustments which have been proposed have been unheeded. Gladstone, in 1874, offered to repeal it altogether; and he must have accurately estimated the feeling in regard to it, for with the change of government in that year, under Sir Stafford Northcote, it was reduced to the lowest figure since its imposition in 1842; and exemptions were extended to incomes of one hundred and fifty pounds, which was fifty pounds greater than under the old law.

"It has been repeatedly proposed to exempt what have been called 'precarious incomes,' by those who have realized the injustice and impolicy of taxing all incomes —even so-called industrial incomes—equally, without reference to the source from which they are derived. But for practical consideration, as subjects of legislation, stable and precarious incomes would cease to be matter of distinction. Some incomes are more precarious than others, but under such a law they would multiply rapidly in the tax returns, and stable incomes would grow exceedingly scarce. It is to be hoped that in any income tax which may replace the tariff tax in the United States all incomes arising from earnings will be exempt. This will mean the placing of a provision in the system which, cutting off the principal source of revenue supply, will contain the seeds of its own abolition.

"The Commissioners for Her Majesty's Inland Revenue (28th Report), in reply to the objection against a tax which does not discriminate between incomes arising from

investments and those derivable from labor, says that 'realizable,' or stable, incomes are charged with other burdens besides the income tax. But it would be extremely difficult for them to prove that the incomes earned by labor are not always charged with other burdens. Her Majesty's Commissioners do not undertake to prove this, and the opportunity of being enlightened from so high a source is denied us. The contention, therefore, that the income tax is unjust because levied without discrimination upon the earnings of brain and muscle, equally with the profits of investments, must be allowed to remain as part of the indictment against this method of raising revenue.

"Gladstone has been the unsparing critic of, and dextrous apologist for, the income tax. That it is a tax, the retention of which serves a good purpose as a deterrent to war, which the creation of bonded debt encourages, is one of the recommendations urged for it by the English statesman. But this is true of many other taxes, though probably not true of a tariff tax, the beneficiaries of which would, no doubt, eagerly arm themselves to preserve; but it is not a good reason for retaining an income tax in preference to all other modes of 'paying as you go.'

"The income tax, at all events, is not a sneaking and surreptitious tax, like some others. But it is almost equally demoralizing. At the very time of its introduction into England, Sir Robert Peel stigmatized it as obnoxious and inquisitorial, and a tax which ought to be

reserved for war. Its operations in England amply justify what J. R. McCulloch says of it—that it is 'a tax on honesty, and a bounty on, and an incentive to, perjury and fraud.'

"The ingenuity of man has been at infinite pains to improve the parts of an intricate machinery of taxation unsound in the principles of its construction. The mode of assessing and collecting the tax is in itself no ordinary mode of machinery for fiscal purposes; and for guarding against failure or fraud the experience of nearly fifty years has given England a system which extorts admiration, but under which, nevertheless, failure and fraud continue. One of the reports of the Inland Commissioners says: 'The claims to compensation which have arisen out of a recent extensive demolition of houses in a certain district by the Metropolitan Board of Works have given the usual evidence of the frauds which prevail under Schedule D.'—*i.e.*, the schedule under which industrial incomes are taxed on a basis of self-assessment. These local compensation claims seldom fail to reveal the existence of wholesale frauds in the tax returns.

"Its inequality is clear. The variations in the schedule from year to year are an indication of this. 'It is evident, that, as far as the principle of taxing all incomes equally (irrespective of the source from which they are derived) is concerned, the tax is practically a failure,' says John Noble, in his work, 'The Queen's Taxes.'

"An income tax is certain to exempt wealth. Glad-

stone has repeatedly declared that on the lower class of incomes the tax is fully and accurately levied; and, as an English writer says, 'it is overwhelmingly energetic in minutiæ.' When the United States exempted incomes below $1,000, it was discovered that only 259,385 persons in a population of 40,000,000 were in receipt of incomes in excess of that amount; when exemptions were raised to $2,000, the number of persons who paid the tax was reduced to 116,000, and subsequently fell to 71,000. (Lalor's 'Cyclopedia of Political Economy.')

"In whatever way the income tax is assessed, inequality must result. To assess by arbitrary estimate is taxation by blackmail; to base assessment on returns of the payer is to leave the truth-teller helpless and at the mercy of the liar. It is either taxation by guesswork or taxation by spies.

"It was at the conclusion of the Crimean war that the income tax, increased to pay the expenses of the war, aroused the hostility of the commercial classes of England. We can understand this if we bear in mind the words of a well-known English economic writer, R. Dudley Baxter ('Taxation of the United Kingdom'): 'Too large an assessment is often made to keep up appearances;' or the comment of Lorin A. Lathrop, formerly United States consul to Bristol: 'Many men in the business are said to overpay rather than appeal.'

"It will appear from this that the income tax fails practically to meet the recommendations accorded to it

in theory, as most nearly approximating to Adam Smith's maxim, that 'the subjects of every state ought to pay to the support of government as nearly as possible in proportion to the revenue which they respectively enjoy under the protection of the state.'

"In 1860 the Liverpool Financial Reform Association proposed in lieu of the income tax what they call a 'wealth tax.' Just how they proposed to levy and collect this I do not know. But it is this same association which to-day is favorably inclining to a ground-rent tax in lieu of all other taxes; and whatever view we may take of the real or assumed defects of such a tax, it argues a tendency to simplify the theory and application of taxation, and to reduce to a definite and general principle the confusion of present methods.

"Now another, though perhaps smaller, question arises. An income tax is popularly supposed not to distribute itself. It is one of the few taxes which, like the land-value tax, do not increase prices. It is, therefore, one of those methods of revenue raising which is called a direct tax. Economists are in general accord as to the truth of this. They agree that income taxes are not paid in increased cost upon articles consumed. This is true.

"But is it true that an income tax cannot be shifted? Leaving out of consideration the fact that fines upon industry—*i. e.*, all taxes to which an income tax is not exceptional—must reduce wealth by limiting enterprise, and is therefore, in its ultimate effects, the same as

increase of price, which reduces opportunity and lessens supply, let us inquire if an income tax may not be shifted by an employer upon labor.

"The reply will of course be that it cannot, as the wages of labor are fixed by the market rate, and that an employer of labor will lose his employees the instant he attempts to reduce their wages below the market rate. He cannot, therefore, make his labor pay his income tax. Now, this is true of all occupations in which the rate of wages is determined by the quantity and quality of work, and in which the number of men engaged is sufficient to establish a general average of efficiency, and to make a more or less fixed remuneration per unit of work performed. In these trades there is a standard of wages which an income tax would not injure. It is true of all mechanical trades, of the generality of clerks and salesmen, and of some classes of professional men. But it seems to me to be not true of all unfixed occupations, such as private secretaries, housekeepers, governesses, clergymen, private tutors, etc., etc. What, for example, is the market rate of wages for private secretaries? Their wages are governed not so much by average efficiency, as by the ability of the employer to pay. An income tax would lessen this ability.

"Let us not leave the argument here, but press it home. A natural objection will be that if private secretaries' wages could be reduced, they would be reduced now, and the employer would not wait for an income tax to reduce

them. This is a fair and reasonable objection, and looks plausible. But let us suppose the case. You are an employer of labor, and your income is next year subject to a tax. Your first effort will be to make up that tax in whatsoever way you can, in reduction of wages wherever you may. This is entirely natural, and is an evidence not so much of the hardness of man's heart, as of the impolicy and injustice of such taxation. No man but feels dimly conscious that every tax of this kind is an assault upon his property rights, as it unquestionably is. He shakes it off with perfect ease in most cases, and always with entire freedom of conscience.

"The class of men who at the last would pay the income tax will be the class that employ private secretaries, and similar specialized labor, the wages of which are variously determined by exceptional ability, personal attachments, or accidental causes, rather than by competition. An income tax would reach this class by inducing employers to reduce their wages. It would reach them not as individuals only, but as a class, and tend to lower their wages to a fixed maximum. And while the wages of men engaged in such occupations would fall, it would not clearly appear that it was they and not the employers who were paying the income tax. It ought not to be forgotten that much of the missing wealth of the poor is to be sought for in the attempts to reach the rich by taxing them.

"The retrenchment of expenses which the income tax would make desirable to all, and necessary to many who

would pay it, would act in this way: The wealthy man would make his first retrenchment in club expenses, and the wages of waiters and attendants at these resorts would fall; in his yachting expenses, which would reduce the wages of captain and crew; in his kitchen, which would reduce the *chef*, for while Vanderbilt with his princely income could still continue to pay for such services the sum he is said to pay to one individual—ten thousand dollars a year—the men of smaller incomes, striving to maintain their position in the fashionable world, would reduce the wages to the class of employees who receive compensations solely determined by the vanity of social considerations. Much of the income tax, though by no means all of it, would be shifted upon the shoulders of these relatively highly paid but deserving classes of laborers. I do not wish to exaggerate the importance of what I regard as the inevitable shifting of a portion of this tax, and I urge it merely in refutation of the belief generally entertained that it cannot be shifted.

"We have seen how in England the income tax supplied the place of a protective tariff. It seems ungrateful to quarrel with a tax which has served such a good purpose in the past and may serve the same good purpose again. All the disadvantages, moral and material, which pertain to such a tax might be undergone to put a stop to the practice of legislators who present sophistical pleas in behalf of American labor, as an incident of recreation from the more serious business of incorporating

into the laws of taxation acts of national larceny. All the disadvantages of such a tax are small in comparison to the unavoidable eleemosynary incidence of even a revenue tariff. And if this tax is to serve, as now seems probable, as a battering-ram to beat down the gates where the steel-rail lords, the coal barons, the jute-baggers, and all the other *chevaliers d'industrie* levy toll upon every toiler in shop and factory, upon every Western farmer in his wheat-field, upon every black son of the South in the cotton lands beneath the broiling heat—then to quarrel over weapons seems an almost criminal folly.

"It will be remembered how, in the Presidential campaign of 1876, the mad political processions, with the banners and torchlights which make democracies ridiculous, kept step to the cry, so well attuned to marching feet, 'Sammy, pay your income tax.' And the great public would never have known—nor, indeed, have greatly cared—whether Mr. Tilden had paid it or not, if the charge had not been brought against him by officers of the Government for the purpose of injuring his candidacy. And even had he made his returns with the most scrupulous fidelity to truth, the charge might still have been yelled by noisy throats in political parades as a catching campaign cry. It is no minor argument against the income tax—against all taxes the returns of which are not readily verifiable—that they admit of just such charges in times of political excitement, and for partisan

purposes urge men to magnify the evils of tax evasion in the individual, which is a common practice among the many.

"To persons of a deficient comprehension of public morality, the income tax seems a justifiable method of getting something out of the rich man's coffers. To persons who take predatory views of taxation, the question as to what right the public has with the rich man's wealth will seem like the query of an idiot. And yet, if there is such a thing as national or public morality, it is an extremely pertinent question.

"The idea seems to be almost universally shared, that an income tax is a just tax because levied only upon those able to pay it. This is no proof at all of its justice, any more than Dick Turpin's practice of taking from the rich to give to the poor is an adequate defense of Turpin's profession. Its advocates may talk of its justice, but the advocacy is full of a greedy snarl. 'What tax,' says the New York *World*, 'is at once so just and so likely to commend itself to the Farmers' Alliance and the other fresh forces in politics, as a tax upon the large incomes of the rich?'

"The justification most frequently urged for an income tax is, it seems to me, its fullest condemnation. Taxation has its ethics; how can it be right for the public to take from a man merely because he is rich? Are riches a crime? Are rich men, *per se*, a danger to the community? That there are men richer than they ought to be,

is true; that great riches, united with great poverty, menace civilization, is true; that the constitution of society is such, that taxation is such, as to unjustly swell the incomes of the rich, is also true; but is an income tax therefore a just tax? Think a moment. There are men of large incomes who earn them. Howe, McCormack, Goodyear, Edison, are men who returned to society every penny they received a hundred-fold. To deprive them of any portion of their income is not only unjust, but impolitic. We want more Howes, Goodyears, Edisons, McCormacks; and their fortunes can scarcely be too large. Society should hold out every inducement to searchers for the secrets of nature, who harness the elemental and mechanical forces to do man's bidding, who prepare the way for the time when mankind, raised infinitely higher, and resting from merely physical labor, shall devote the godlike powers of mind to the solution of the deeper problems of their spiritual being.

"A tax on incomes? The income of the coupon cutter and the inventor! The income of the Astors, whose land earns money while they sleep, and the income of the man whose genius shall reduce the cost of making aluminum, thereby revolutionizing a thousand processes of manufacture! The income of the man whose capital earns his money, and the income of the man whose brain earns it! The income of Carnegie and of Dr. Shrady! Of Mr. Gould, and Bell of telephone fame! Lump all these results of exceptional abilities and legislative mo-

nopolies together, call them incomes, and then swoop down upon them with a tax!

"The objections against an income tax may be thus summed up:

"In its theory (as a mode of encouraging a more equitable distribution of wealth), fallacious.

"In its discrimination, unjust and impolitic.

"In its operation, unequal.

"In its practice, inquisitorial and corruptive.

"The reasons which appear to justify an income tax arise from a superficial analysis of the social problem—from that superficiality which concerns itself with the flowering effects rather than with the causes at the root. This superficiality it is which urges governors and legislators, who have not the inclination nor indeed the leisure for the study of these problems, to seek a remedy for the inequalities in taxation in more rigorous measures of assessment and collection, with a vain hope of doing, under a republican form of government, with only the power of civil courts, what Rome with her tremendous military organization, with rack and thumb-screw, and England, under King John, with her inquisitorial surveillance and bodily persecution of the rich Jews of the kingdom, signally failed to accomplish.

"The problems now crowding in upon the republic are not to be solved through any additions to or changes in the restrictive measures by which the nation has so long cramped and curbed its energies, taking an eagle for its

symbol and moping like a snail, singing of liberty and binding itself with tariffs, claiming to be a refuge in which all are equal before the law, yet giving out manufacturing and trade monopolies to eager and greedy almoners more lavishly than even good Queen Bess had dared.

"The republic has come to the parting of the ways. As it turns from the darkness of tariff laws, let it set its face fairly and fully toward that liberty in which no man's earnings shall be subtracted from, and all the natural and helpful activities of society be left to do their perfect work, free from governmental interference, which shackles the strong arm of labor, burdens trade and commerce, destroys individual integrity, and alone prevents the republic from taking the position among the nations of the earth to which her natural advantages so justly entitle her."

CHAPTER IX.

A WORD TO WOMEN.

"The women did it."—They can do it again.—Women peculiarly the victims of the assessor and tax-gatherer.—The rich suffer less than the poor.—Women's property for the most part easily traceable.—Evils of indirect taxation.—A few easy questions for women.

"THE women did it."

Such is said to be the explanation of the rout of protectionism at the State elections in 1890, given by the ablest statesman of the defeated party. Yes: the women did it; and they can do it again, if they wish to do so. The most crushing defeat ever suffered by any party in power in the history of the country was mainly due to the influence of women who had no votes, and most of whom did not want any. A new tariff was suddenly laid in such manner that the women could understand it. It had been done again and again, but in such a way that not one woman in a thousand could see it. At last it was done in open day; the women saw it, and they revolted against it. The party in power was defeated by a majority of more than one million votes.

Whether this was rightly or wrongly done, is not material to our present purpose. The point is, that, right

or wrong, what women did against the tariff they can do against any form of bad taxation, if they will. Whether they ought to have votes or not, need not now be discussed. When they are practically unanimous, their influence upon the voters is irresistible. Possibly the Prohibition issue may be an exception, but that is doubtful. It is unquestionable that the Prohibition movement would have had no strength anywhere, had women generally been indifferent. But consider how strong is the appetite that Prohibition seeks to destroy, and the marvel is that women should be able to gain for it so many votes.

If, then, women can be generally convinced that they suffer from unjust taxation, and if their interest can be aroused on this entire subject as it was aroused against the McKinley bill, great results might well be expected from their influence. Few men have any such personal feeling about matters of taxation as they have about their own liberty to drink or not to drink; and there is no reason to fear that women who feel strongly upon tax reform would meet with anything like the difficulties that are encountered by the advocates of temperance laws.

Have women generally, as women, any special concern with questions of taxation? Does it make no serious difference to them whether taxes are direct or indirect, whether personal property is taxed or not, whether there are a thousand taxes or only one? Let them consider carefully, before they dismiss these as "men's affairs." If

a woman is fortunate enough to have any taxable property, she will quickly find that all American tax-gatherers pursue a woman with far greater severity than they pursue a man. If she holds her property in her own name, she rarely understands the ingenious devices by which men know how to evade the assessor. She is far less willing to commit perjury than her male neighbors are. She is often willing to give herself the benefit of a doubt; but she is never equal to the cool manipulation of the Syracuse millionaire, who annually wrote on his books a gift of a million dollars to his children just before assessment day, and annually wrote it back to himself as soon as he had "sworn off." Thousands of men are known to do such things, or things equally severe upon the State's taxes and their own consciences, if they have any. But no instance of a woman's doing this has ever been mentioned. No wonder that, in 1870, two maiden ladies in a New York village paid more taxes on personal property than all the men in a large city near by. The system of local taxation which prevails all over this enlightened country is one that puts a premium on perjury and fraud, and concentrates all its weight upon honesty, truth, and simplicity. Are not women certain to suffer heavily under such a system?

Moreover, the majority of women who are classed as rich do not hold most of their property in their own names; it is put in the names and care of trustees. Such property is easily traced by the assessors, and the con-

scientiousness of trustees is something refreshing to behold. An Ohio assessor once expatiated eloquently concerning the strict truthfulness with which a certain large estate was returned for taxation; but when his hearer begged an introduction to the conscientious owner, he explained, with a little embarrassment, that it was all in the hands of three trustees, who would not gain a cent by false returns. It required no Daniel to understand that they would never strain their consciences and risk their personal liberty by making false returns for the exclusive benefit of the widow and orphans whose estate they had in charge.

The broad result is that women who have any taxable property, either in their own names or held in trust for them, pay at least thrice their fair share of State, county, and town taxes.

Indirect taxes, as they are called, are those which are laid upon things that the people use and must have, or, at all events, will have, such as food, drink, clothing, furniture, buildings, books, tools, and other comforts of life. Upon such things the Federal Government imposes enormous taxes, which in many instances discriminate harshly against women. But this subject is not within the range of the present discussion, and we only mention it to illustrate the wide extent to which women are affected by taxation. The whole system of taxation, State and national, bears with unjust and unequal severity upon women.

It is not necessary at this time to set forth just what ought to be done to reform this state of things. The question now is simply: Have women, as such, any reason for being interested in methods of taxation? Shall they who have once shown their power so signally fall back again into apathy; or shall they study political economy more deeply, and take their part in its discussion more actively? Should women see themselves plundered by oppressive tax laws, unequally administered to their peculiar injury, and yet remain silent and indifferent?

CHAPTER X.

BIRTH AND PROGRESS.

Legislation attempted at the instance of farmers in the New York legislature of 1890.—War upon the listing bills.—An ineffective committee from the Chamber of Commerce.—County option in taxation suggested.—Interest in tax reform arguments.—Probably only a deadlock prevented the enactment of county option.—Farmers hungry for information.—Principles of the Tax Reform Association.—Its formation.—Signers.—Those who refused to sign.—Interest of the press.—Sample of the association's work.

IN the winter of 1890 the determination of the farmers to tax personal property came to a head and showed itself in a vigorous effort to pass the Linson and Erwin personal and listing tax bills. These bills were designed to reach all property, even though in such a process those who paid taxes fairly might be ruined, and even though the most skilful dodger might be taxed three or four times on part of his property. To oppose this bill various committees were sent to Albany, but the persistence of the sentiment was such that it was evident that nothing but a substitute for this bill would check the effort. The Chamber of Commerce and the Board of Trade and Transportation proposed a commission to consider taxation, and caused to be introduced a bill providing for the

appointment of such a commission. This was a way "how not to do it," and was really intended as an obstructive measure. The writer, with others, believed that the more effective bill would be one giving county option in taxation, and went to Albany with gentlemen representing the labor union, the Brooklyn Home Owners' League, and some other organizations, to advocate such a bill. We had a most respectful hearing by the committee on Taxation and Retrenchments, to which it was referred; and, strange to say, were earnestly requested, when we had finished our argument, further to discuss the subject, which request we complied with, after listening to a vigorous speech from the member for Delaware on double taxation, the consequence of the taxation of mortgages. As the result, ours was the first tax bill reported favorably by the committee, and had it not been for the deadlock it might possibly have been passed.[1]

[1] The authorities of the State of New York should have nothing to say or do with the assessed values or assessment for taxes in the different counties.

The time was (now long since passed) when the entire cost of carrying on the State Government and the payment of the interest on the State debt was fixed at such rate per thousand dollars of assessed value as would realize the entire cost.

Now it is different. Almost the entire amount necessary for carrying on the State Government and interest on the debt is raised by State tax on corporations and the like.

Let the State rely on these resources for her revenue, and in case any great public work is undertaken, or some exigency arise whereby this amount shall not be sufficient, then let the State levy on each county a tax based on the population in that county as shown by the last census prior to the imposition of the tax. This would permit the doing away with that cum-

The earnest interest of the farmer representatives wakened the writer to the fact that the farmers are hungry for information. They feel that they are cramped by something, and are groping in this direction and that to find a way out, and are most anxious not to make a mistake.

It was necessary to organize in order, first, to crystallize the sentiment of New York City, and, second, to get means to furnish information to the farmers. With this view the writer obtained the signatures of prominent men to this platform:

"1. The most direct taxation is the best, because it gives to the real payers of taxes a conscious and direct pecuniary interest in honest and economical government.

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brous machinery and engine of injustice called the State Board of Equalization of Taxes. There is no reason why such a board should pass in review the work of sworn assessors in the different counties for which they act. The extent of the work, rendering necessary the true values and the assessed values in each county, is such that no board of equalization can in a twelvemonth intelligently do its duty. In the past, the action of this board has been such as to occasion general complaint and jealousies between different boards of assessors.

Each county should raise the money necessary for its use in the manner best suited to its own needs. And as it *alone* will be responsible for the assessment and collection of its taxes, the work will be done much better than when the responsibility is divided. Each county could tax real estate or personal property, or both, as it might seem best. If it should be deemed to the best interests of the county to encourage the coming of people of wealth by the total or partial abolition of the tax on personal estate, that could be done.

Heretofore many of our citizens still doing business in this city have taken up their residence in the adjoining State of New Jersey to escape the

"2. Mortgages and capital engaged in production or trade should be exempt from taxation, because taxes on such capital tend to drive it away, to put a premium on dishonesty, and to discourage industry.

"3. Real estate should bear the main burden of taxation, because such taxes can be most easily, cheaply, and certainly collected, and because they bear least heavily on the farmer and the worker.

"4. Our present system of levying and collecting State municipal taxes is extremely bad, and spasmodic and unreflecting tinkering with it is unlikely to result in substantial improvement.

"5. No legislature will venture to enact a good system of local taxation until the people, especially the farmers, perceive the correct principles of taxation and see the folly of taxing personal property.

"*Therefore:* We desire to unite our efforts, in such

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severe tax on personal property levied in this State. The State of Connecticut, requiring a listing or schedule of personal property, has not attracted those persons, as the taxes on personal property are fully as onerous in that State as in the State of New York. A comparison between the States of New Jersey and Connecticut, within equal distances from the city of New York, will show both a greater population and greater value per acre in the price of land in the State of New Jersey than in the State of Connecticut.

It has been found in the past that a tax on personal property could not be collected with uniformity, or rather with equal justice; those desiring to evade the tax being able to do so under the forms of law, while a tax on real estate and corporations cannot well be evaded. Corporations deriving special privileges from the State are proper subjects for special taxation.—*Extract from a letter of* MR. AMOS R. ENO.

ways as may seem advisable, to keep up intelligent discussion and agitation of the subject of taxation, with a view to improvement in the system and enlightenment as to the correct principles."

The following gentlemen signed the declaration of principles:

Hall J. How.
R. H. L. Townsend.
F. B. Thurber.
Hon. David A. Wells, Norwich, Conn.
William Gordon Fellows.
Hon. Henry A. Hurlbut.
Gen. C. T. Christensen.
Hon. Smith Ely.
Thomas G. Shearman.
George R. Read.
George A. Scott.
Amos R. Eno.
John H. Inman.
Spencer Aldrich.
William Steinway.
Edwin J. Denning.
Auguste Richard.
James Gaunt.
Hugh N. Camp.
Isaac M. Dyckman.
Samuel Thorne.
John Sinclair.
Henry Hentz.
James McCreery.
Henry E. Howland.
R. R. Bowker.

The *Real Estate Record and Guide*, in discussing the work of the association, gave an incomplete list of the members, with interesting biographical facts, as follows: "David A. Wells, the celebrated statistician and writer on political economy; George H. Scott, of Scott & Myers, real estate brokers, and formerly president of the Real Estate Exchange; George R. Read, an extensive real

estate operator, and existing president of the Real Estate Exchange; Spencer Aldrich, a protectionist, owner of the Columbia Building, one of our largest office buildings, and representing the Aldrich estate, owners of the Aldrich Court; F. B. Thurber, of Thurber, Whyland & Co., who is as closely identified with the farming interests as any merchant in New York; Henry A. Hurlbut, a strong protectionist, director in the Equitable Life, and holder of real estate; William Gordon Fellows, owns farming land at Schagticoke, N. Y.; C. T. Christensen, president of the Brooklyn Trust Co.; Smith Ely, ex-mayor of New York, and a large real estate investor; Amos R. Eno, a protectionist, who owns the Fifth Avenue Hotel and many other large properties in New York; Hall J. How, one of New York's oldest real estate brokers; James McCreery, the dry goods merchant, whose interests in real estate are as large as those in his business, if not larger; Isaac M. Dyckman, of Dyckman estate, consisting largely of vacant property; William Steinway, piano manufacturer, and owner of the town of Steinway where the works are situated; John Sinclair, pork packer, and one of the founders of Cedar Rapids, Ia., has large landed interest there, and has never had a strike among his workmen; Auguste Richard, who invests in Tennessee timber and farm land, and has a magnificent house here; Thomas G. Shearman, a real estate lawyer and writer on taxation; Hugh N. Camp, dealer in suburban lands; R. R. Bowker, secretary of the

Edison Electric Lighting Co.; and John Claflin, of the H. B. Claflin Co."

When this list had been secured, it would have been possible to add to it thousands of influential names with simply the trouble of asking.

The signatures were given substantially in the order above—some of them with great hesitancy and doubt as to whether they would have a responsible following; others, notably the first three, with great promptness and absolute independence.

Those who declined to sign were:

Darius O. Mills.
Morris K. Jesup.
Hon. Seth Low.
Cornelius Vanderbilt.
J. Coleman Drayton.
Edward Livingston.
Charles L. Tiffany.
Orlando B. Potter.
Ex-Secretary Charles F. Fairchild.
Charles Siedler.

There were a few others who would not sign, but who helped by contribution or in other ways.

The platform was published, and it excited great attention and comment from the newspapers. There were hundreds of notices, comments, and attacks on it the next day from all parts of the country. Those in New York and Brooklyn who have dissented would not fill a street-car. Thenceforward the work of the association has been as quiet and unobtrusive as possible, and has relied almost entirely upon contributions from leading men, generally

in moderate sums which do not press too heavily on any one, and create a solid interest in the bureau.

The efforts of the association are well described in the following extract:

"The New York Tax Reform Association is engaged in carrying on an active propaganda in behalf of its principles. The association desires to attract capital to this State, and to encourage its investment in business enterprises, to enhance real estate values, and to educate away the 'listing' and personal property tax bills which threaten the prosperity of manufacturing, financial, and commercial interests. To accomplish this, it carries on a discussion of the question of tax reform in the press of this State.

"A systematic agitation on behalf of the association's principles has been commenced in this city. Representatives of the association are making a canvass of several of the principal business streets and securing signatures to a petition to amend the laws in accordance with its platform. Hardly any, even of the smallest merchants, have declined to sign. The various exchanges and similar business organizations are adopting resolutions indorsing the aims of the association.

"The association reaches the legislators, the members of the New York State Grange, the State Farmers' League and the Farmers' Alliance, the industrial unions, the mayors of the cities, and the presidents of villages, by personal interviews, by letters, and by speakers. Arrangements are made whereby tax-reform literature will be

furnished to all papers desiring it, and a large number of papers in various parts of the State have expressed their willingness to publish arguments in favor of the association platform."—*New York Times.*

The work is educational and preventive, rather than obstructive; when bad bills are proposed at Albany and are likely to pass, the only thing to do for the moment is to send up a committee, and by the weight of opposition get them killed. This has been done with great success on various occasions, both by the Dry-goods Committee and by the Board of Trade and Transportation, with both of which bodies this association is in close communication and with which, upon occasion, it heartily cooperates. No better account of how this work is done, when any bill is to be opposed, can be given than in the speech of Mr. William F. King, of Calhoun, Robbins & Co., at a complimentary dinner given to him at the Merchants' Club by the leading dry-goods and other merchants of this city. The dinner was given May 6, 1891, Mr. Claflin presiding, in recognition of Mr. King's services in opposing the Listing bill and other like measures unconsciously aimed at the prosperity of New York. After an interesting speech by Mr. W. L. Strong, Mr. King, in the course of his response to the toast of the evening, said:

"Your committee, in whose work I had the honor of bearing a part, was appointed at a meeting of the dry-goods trade, held March 19, for the purpose of protest-

ing against the so-called Listing bill and the Five per Cent. Interest bill then before our legislature, and also for the purpose of taking prompt action to defeat them, as being not only detrimental to our own and the general commercial and financial interests of the city of New York, but equally hostile to the general prosperity of the community at large. During the four weeks from March 19 to April 15, we sent through the mails 122,000 circulars and 120,000 headings of petitions to all parts of the State, not only to the dry-goods trade but to every other threatened industry, and we have had the pleasure of receiving from almost all classes hearty responses approving our course. Our first visit to Albany was made, as you well know, about five weeks ago. We went with a committee of twelve. We formulated our protest in no uncertain terms, and presented it before the proper legislative committee with a forcible statement of the injury which we believed would result in case either of these bills should pass. From observation, your committee, after consultation, arrived at the conclusion that the Listing bill, as then presented, would not pass.

"While your committee was in constant communication with Albany after its first visit, and was watching every movement of the legislature, the Five per Cent. Interest bill suddenly assumed greater prominence, and passed the Assembly by a vote of sixty to four. Your committee immediately took action. We first telegraphed to Albany, and obtained the promise of a hearing. We

then sent invitations to every quarter of the State, urging that delegations be dispatched to co-operate with us. The consequence was that when we visited Albany the second time we had fifty delegates from this city, and about two hundred from the interior, making it the largest and most influential delegation that ever visited the Capitol, not only in number, but what they stood for—the great financial, manufacturing, commercial, and agricultural interests of the entire State protesting unitedly against these bills."

Now, this is vigorous work and splendidly managed, but it must be remembered that, as Mr. John N. Beach said later in the evening, the sentiment responsible for such bills still lives. Mr. Beach said on this head:

"But we must remember that the spirit which dictated these bills was in the air, is still in the air, and, although put down, like Banquo's ghost will arise again, will formulate other bills, at which we must be prepared to hurl the same prompt, vigorous, and decisive blows which have succeeded now, or they will find their place upon our statute books, and we shall yet be living and doing business—at least attempting to do business—under their odious, onerous, and dangerous provisions."

To exorcise this subject totally and to get it Christian burial, is the only way in which we can make the State habitable for capital. This is the work of our association.

CHAPTER XI.

THE UNIVERSITIES AWAKENING.

Circular sent to colleges.—Answers from the University of Virginia, Harvard University, Johns Hopkins University, University of Pennsylvania, Yale University, Columbia College, Princeton.—Correspondence with Professors Shepard and Rogers.—Various objections answered.

THE discussion carried on by the association with presidents and professors of colleges and universities all over this country contains nearly all possible objections and the answers to them. The association opened the correspondence by sending to one hundred and seventy institutions a short circular letter embodying the principles of the association and asking for an expression of opinion as to its objects. One hundred and seventy responses to this circular were received. Of these, ninety-eight expressed views favorable to our principles, thirty took issue with us, and forty-five were noncommittal. In the appendix to this volume will be found a list of the presidents and professors from whom answers have been received. Some of the correspondence growing out of this circular letter is herewith appended:

UNIVERSITY OF VIRGINIA, *September* 23, 1891.

BOLTON HALL, ESQ., New York Tax Reform Association, New York.

Dear Sir: The fullest information accessible in regard to direct taxation, especially when levied principally on land, as with Henry George, would invite my serious consideration. Mr. David A. Wells's name at the head of your list of associates invites my favorable appreciation of your doctrine, for I have long regarded him as the ablest, clearest, and most advanced economist of this country. Yet my opinions have been opposed to any single tax system. I have deemed that all lines were requisite to avoid the escape of classes and individuals from the burdens of the community, and to render the *onus* of Government demands proportionate to the just liabilities, benefits, and means of all and several.

The third and chief proposition of the platform excites the greatest dubitation in my mind. It seems a return in the direction of the French economists and late innovators. It appears very questionable at a time when, from the enormous extension of agricultural occupations, and the competition of the whole world in agricultural production, markets, and sales, land is daily declining in price, except in cities and for manufacturing sites and mines. Moreover, land, like labor, is becoming little more than a redundant but necessary accompaniment of machinery and other forms of concentrated capital.

I am anxious, however, for information from all quarters.

Respectfully,

GEORGE F. HOLMES.

Prof. GEORGE F. HOLMES, University of Virginia, Albemarle County, Va.

My Dear Sir: Your letter prompts me to address you further on the subject. Our proposition is not the single tax of

Mr. George, but simply the imposition of all taxes upon real estate, because this would relieve capital engaged in production from the discouragements attendant upon taxation. It is true that it would relieve some other wealth from taxation, but we hold that taxation of bonds, stocks, mortgages, and the like is unnecessary and wrong when real estate is taxed, since these things stand for real estate, and consequently such taxation would be double taxation. The argument against taxing personal property is not only that such property includes tools of trade and other aids to production, but that much of such taxation would be easily avoidable. You seem to fear that the effect of a system of taxation, such as we propose, would be to oppress the farmer; on the contrary, I believe it would relieve him from taxation. His tools of trade would escape, and if the assessment upon land were justly made, as we contemplate, the effect would be to place the burden of taxes in great part upon city and suburban lands, and upon much land now held for speculative purposes. You mention that land is constantly declining in value, and this is undoubtedly true, in part, of agricultural lands; but city and suburban lands are enormously increasing in value, and the effect of our proposition would be to place the burdens where they belong, and to relieve the farm lands that have for years past been falling in value.

If you wish to discuss this subject further, I shall be glad to hear from you again, and to send whatever reply your letter seems to prompt.

Yours very truly,

BOLTON HALL,
Secretary and Vice-President.

ATTICA, N. Y., *October* 2, 1891.

NEW YORK TAX REFORM ASSOCIATION:

You ask for my opinion of your platform for tax reform,

and I am glad of the opportunity of giving it, as it is a question of the utmost importance to all interests in the State.

1. If the reason you give for direct taxation is a good one, and I believe it is, then all property owners should be taxed so that all should have a conscious and direct interest in honest and economical government.

2. The reason you give for exempting mortgages and capital from taxation is specious rather than real. That taxation of personal property develops inherent dishonesty is doubtless true, but how an honest effort to adjust an equitable system of taxation offers a premium for villainy is not apparent; nor do I comprehend what industry is discouraged by an equitable system of taxation, except it be the industry to violate law and escape just and righteous obligations.

3. The first reason for your third article may be a good one, but I utterly reject your second reason as a perversion of terms and an outrage upon common-sense. When it can be shown that taxation of itself cheapens production or anything else, then it can be shown that it will be a benefit to the farmer and worker to pay all the taxes needed to carry on government; and when that is established, the higher the tax the better it will be for them, and the motive for economical administration will be taken away.

4. With your fourth proposition I fully concur.

5. Of the fifth proposition I have only this to say, that, while I believe in the equity and justice of taxing all property protected by Government for its support and maintenance, I am free to confess that I do not believe it practicable, and therefore I would abandon the effort and tax none. Instead of taxing property, real and personal, to support the Government, I would tax incomes. This, after all, is the fairest and most equitable system of taxation ever devised, and one that will ultimately prevail in all civilized governments.

Real or personal property may be and often is unproductive,

and then it is a hardship on the owner to pay taxes, but it is never a burden for a secure and ascertained income to aid in the support of government which protects the business or industry that yields the income. True, this system is subject in one respect to your objection to taxing personal property. It develops dishonesty, perjury, and villainy; but no system of taxation can be devised that will avoid all objections. Therefore, that which will accomplish the purpose with fewest objections should be adopted.

Very respectfully,

J. G. SHEPARD.

Prof. J. G. SHEPARD, Attica, New York.

My Dear Sir: I am sure that the interest you exhibit in our movement justifies me in sending something in reply to your letter of October 2. You say that if the reason we give for direct taxation is a good one, then all property owners should be subject to direct taxation. Permit me to say that this is a *non sequitur*. It is true that direct taxation, by reason of its being immediately felt, does tend to prompt the tax-payer's interest in economical government, but it does not follow on this account that all forms of property, and therefore all property owners through such forms, should be taxed. There may be other considerations that make it undesirable to impose direct taxation upon some sorts of property.

If it were possible to find a method of taxation that should be absolutely just, then it would be the best method of taxation, whether it were direct or indirect, and without regard to its special effect in arousing the tax-payer's interest in good government.

If one were looking around for an ideal object of taxation, one would be delighted to find some valuable thing properly belonging to all, but capable of being used at any given time by only a few. Once such an object should be found, the

matter of taxation would be perfectly simple, for the users of this one good thing, belonging to all, would be required to pay the community in return for the special privilege conferred. As you are aware, Mr. Henry George and his disciples aver that land is such an object, and their single tax is in effect such a system of taxation as I have sketched here. Whether Mr. George is right or wrong I shall not undertake to say, as his proposed single tax is not yet a political issue. I do hold, however, that our proposition has in it, at least in part, whatever advantages are claimed for Mr. George's single tax. For taxation upon real estate, of course, must fall in part upon land. I believe, therefore, that the system of taxation that we advocate comes as near to an ideal system of taxation as anything practicable that has been suggested.

You believe our programme in favor of exempting mortgages from taxation to be specious. If it be, I should be very glad to have you point out in what way. Certainly the effect of taxing mortgages would be to raise the rate of interest, and make it more difficult for borrowers to obtain money upon mortgages. The lender would surely shift the burden, and leave it finally upon the shoulder of the borrower. You insist that to place all taxation upon real estate would not be to lighten the burden of the farmer or worker. I am glad that you have attacked this point, because our position is easily defensible. A tax upon real estate, if justly assessed as we contemplate, would fall in large part upon highly valuable land, in and near cities and towns. While the home of the laborer and the land improvements of the farmer would be taxed, they certainly would not be taxed more heavily than they now are, and they would probably be considerably relieved. Meanwhile, the farmer's tools of trade, his stock and machinery, and his other personal property would be entirely exempt from taxation Thus we should avoid the petty annoyances attendant upon assessing and collecting personal taxes, and also the discouragement

to industry involved in taxes upon capital and upon tools of trade.

A word as to your proposition for taxing incomes. Experience the world over shows that an income tax is the ideally unjust tax, for the reason that it is placed upon only a small part of the community, and usually in larger proportion upon honest persons of moderate incomes than upon the rich. Those who argue in favor of an income tax usually propose to exempt all incomes below $1,000 per annum, and proclaim the justice of the tax because it is placed upon the rich. In the first place, I greatly question the justice of assessing any tax with the special design of exempting a large part of the community from taxation. In the next place, I deny that income taxes fall mainly upon the rich. The persons that pay income taxes are the comparatively few well-to-do or wealthy persons who will honestly answer the questions of the assessors, and those salaried persons of moderate means whose incomes are easily ascertainable. The man whose income from various sources amounts to many thousands and possibly millions of dollars is never known to pay a tax upon his whole income. It is a notorious fact, that, wherever the income tax has been tried, perjury has thriven, and the honest man has paid more than his share of Governmental expenses. An income tax is open to most of the objections that apply to a tax upon personal property.

If your interest in the subject should prompt you to write further concerning the matter, I should be very glad to hear from you.

Respectfully yours,

BOLTON HALL.

VANDERBILT UNIVERSITY,
NASHVILLE, TENN., *October* 1, 1891.

Mr. BOLTON HALL, Secretary New York Tax Reform Association.

Dear Sir: I should be glad to receive further information

from you in regard to your precise ideal of taxation. In my article in the August *Chautauquan* I stated my own platform, which in brief is progressive income and inheritance taxes, with real estate taxes for county and municipal purposes, and as much of the Henry George idea as is involved in a separation of the tax on ground rent and that upon improvements, but not with the idea of making this, even when joined to taxes on monopolies of light and transportation, the only tax; for I agree with Prof. E. R. A. Seligman, of Columbia, in favoring income taxes, and with Dilke (see his "Problems of Greater Britain") in direct inheritance taxes. And I believe in sweeping away nearly all our present taxes, such as those on personal property and most licenses so common in the South on trade.

If this places me with you, all right; but I have an idea you do not indorse inheritance and income taxes. How is it?

Yours sincerely,

EDWARD W. BEMIS.

Prof. EDWARD W. BEMIS, Vanderbilt University, Nashville, Tenn.

My Dear Sir: Your letter in reply to one from this Association has been read with interest. Your programme of income and inheritance tax, with real estate for county and municipal purposes, is familiar. One of the strongest arguments against an income tax is, that it offers a premium upon dishonesty. Honest men are honestly assessed under such a system, while the rogue escapes. I believe this to be an insuperable objection to an income tax. Another objection is, that such a tax is to some extent a discouragement to industry. Why fine a man for earning a large income? Income tax laws usually provide for the exemption of all incomes below $1,000 per year. Is it just to the able and honest man who earns two or three or four thousand dollars per year, that he should be made to pay taxes, while the dishonest man that earns twice as

much, and the idle and inept man that earns one-fourth as much, go scot free?

As to the tax upon inheritance, why discourage the industry and economy of parents who wish to provide for their children, or husbands who would care for wives left alone and self-dependent? Another objection to an income tax lies in the fact that such tax falls irregularly and often in large lump sums. Now, nothing is more desirable in the way of revenue than uniformity and certainty. It is demoralizing to the State to have its treasury suddenly flooded with a large sum of money not expected, and possibly at the time not needed. As to the Henry George idea, it rests upon a well-known scheme of political and economic philosophy, and whatever may be said in its favor as an immediate fiscal measure, it is for the present impracticable, because no community seems yet prepared for it.

You add that you believe in doing away with nearly all of the present taxes, such as those on personal property and most license taxes. In this we heartily agree with you, and I firmly believe that we are offering the only system of taxation that promises immediate relief from such vexatious exactions.

I should be very glad to hear from you further upon this subject, if your interest shall prompt you to write.

Respectfully yours,

BOLTON HALL, Vice-President.

WILMINGTON COLLEGE, WILMINGTON, OHIO.

BOLTON HALL, ESQ., Secretary New York Tax Reform Association.

The first plank in your platform I fully indorse, as also the fourth and fifth, but I am strongly opposed to the second and third planks. I favor an income tax as being the most direct, fairest, and least burdensome of all taxes. That capital engaged in profitable enterprise should be exempt from taxes

seems to me a monstrous proposition. All taxes must be paid out of wages or profits, and of these the latter ought to bear the heaviest part, since the most wages are only sufficient to support the wage-earner. To shift taxes from profit-paying industries to unproductive real estate—such as dwellings, for instance—would be an act of oppression and injustice. If capital were fairly taxed everywhere, how could it run away from taxes?

Respectfully,
J. B. UNTHANK, President.

J. B. UNTHANK, M.N., President Wilmington College, Wilmington, Ohio.

My Dear Sir: I am glad to learn from your recent letter that you agree even in part with our platform, and as you do not urge any objections to planks four and five, I shall not trouble you with argument upon that subject. You say that you favor an income tax as the most direct and fair, and least burdensome of all taxation. While an income tax is certainly a direct tax, I am inclined to think it is one of the most unfair and one of the most burdensome that can possibly be imposed. An income tax is dodged in part by every rogue, and thus the support of the government would fall exclusively on those too honest to conceal the amount of their incomes. You surely cannot deny this, and if you acknowledge it you cannot contend that such a tax is other than unfair and burdensome. Furthermore, an income tax, as usually administered, is unjust in other ways. Income tax laws usually exempt incomes below $1,000 per annum. I shall say nothing as to the wisdom and justice of relieving the great mass of the people from the duty of contributing their share toward the support of the government; but I must call your attention to the fact that under such a system, the capable, industrious, honest man who earns two, three, or four thousand dollars per year pays taxes on his

full income, while the rogue earning and receiving ten times as much goes scot free on much of it, and the indolent or incapable man earning one-fourth as much escapes with no payment at all. Would you lay a tax upon honesty, industry, and capability?

You think it is a monstrous principle that capital engaged in private enterprise should be exempt from taxes, yet you will not deny that it is highly desirable that capital should engage in such enterprises, and, having admitted so much, I think you must admit that the State should impose no unnecessary hindrance to such application of capital. It is much better that capital sunk in unproductive wealth should be taxed, than that productive capital should be thus burdened. To shift capital from profit-paying industries to unproductive real estate, would be to encourage not only capital but labor as well.

You ask, if capital were fairly taxed how could it run away from taxation? It is not quite clear as to what you mean by this query, but I suppose your idea is that if every State imposed taxes upon mortgages, bonds, and other intangible forms of capital, none of these things could escape taxation. Yet, even were all State tax laws absolutely uniform, it would be exceedingly difficult to prevent men from concealing such possessions, and if every State in this country should tax such forms of capital, the effect would only be to drive it into foreign countries where tax laws are wiser.

I should be very much pleased to hear from you again upon the subject.

Respectfully yours,

BOLTON HALL, Secretary.

HIAWASSEE COLLEGE,
HIAWASSEE, TENN., *September*, 1891.

Gentlemen: Your circulars have been received and studied. Some of your views are correct, and some are otherwise.

My neighbor has two sons. To one he gives a farm, and to the other an equal portion in cash. The former works hard and makes little gain ; the latter works some and has large gains. Why the former should be heavily taxed and the latter go scot free, does not appear. Both had equal portions out of their father's accumulations from honest labor.

Respectfully,

J. H. BRUNNER.

Rev. J. H. BRUNNER, A.M., D.D., Hiawassee College, Hiawassee, Tenn.

Sir: I think you will admit, that whatever scheme of taxation the Government may establish, it will be difficult to avoid specific cases of injustice or seeming injustice. I need not tell you that incidental injustice may be charged against the present system of federal taxation, whether it be the customs duties or the internal revenue. It is certainly the duty of the Government to frame its laws in such a way as to avoid, if possible, unjust taxation. But surely the Government cannot undertake to consider the misfortunes of individuals. If the farmer worked hard and did not prosper, either himself or his crops suffered from the act of Providence, or he lacked foresight in the prosecution of his business, or failed of such financial ability as was necessary to insure success. All this was not the fault of the Government. If the other son succeeded, it must have been by reason of good luck or management, neither of which can be considered by the Government in laying taxes ; certainly the good management should not be a reason for imposing an extra fine or tax. But that some farmers fail after hard work, and some financiers succeed probably with little toil, does not prove any general rule touching these two classes. As a matter of fact, it is probably true that there are more successful farmers, in proportion to the population, than successful financiers.

You will pardon me if I say that in my opinion you have not successfully attacked the proposition we advocate. If you feel sufficient interest in the subject to continue the discussion, I shall be very glad to hear from you again.

Yours very truly,

EDW. N. VALLANDIGHAM,

For the Secretary.

WASHBURN COLLEGE,

TOPEKA, KAN., *September* 30, 1891.

BOLTON HALL, ESQ., Secretary, etc.

Dear Sir: Your favor of the 24th is received. The reform you advocate is yet in an incipient state. That some modifications in our present system are needed, no one can doubt. But how far the modifications should be carried, is the question which, I confess, is not yet clearly defined in my own mind. My judgment is that the mortgages and the land mortgaged should share in meeting the taxation. Why should a man who really owns but a fourth interest in land pay four-fourths of the tax levied?

Yours truly,

PETER MCVICAR, President.

Rev. PETER MCVICAR, D.D., President Washburn College, Topeka, Kan.

Dear Sir: You take exception to our principle of exempting mortgages from taxation. The effect of taxing mortgages would be to make it more difficult for owners of land to obtain money upon such security, and, of course, to raise the rate of interest upon mortgages. In this way the tax would be shifted from the holder of the mortgage to the owner of the land. How are you going outside the State jurisdiction to collect a tax from the holder of a mortgage? You would have to collect it upon the interest which the borrower pays,

and you may be very sure that if such a tax went into operation, the lenders of money would see to it that the rate of interest should be fixed so as to make up to them for whatever the State intercepted on its way from the borrower to the lender. As you do not discuss any other point in our programme, I shall not trouble you with an argument upon the whole subject, but I shall be glad to hear anything you may have to say upon the subject of taxation.

Respectfully yours,

BOLTON HALL.

Prof. A. E. ROGERS, State College, Orono, Me.

Dear Sir: Your claim that the greater part of the real estate of our land is held by farmers is both right and wrong. If you claim that they hold the largest proportion of the real estate of this country in acres or feet, you are right; but if you claim that the real estate held by them exceeds the value of the real estate of the cities, you are wrong.

It is a common error, nursed by men whose hearts warm to the farmers, that this form of taxation will weigh more heavily upon them than upon any other class of the people of our country. I have no statistics at hand; have only a book of reference, the *Legislative Manual* of the State of New York, and yet I find this: in Albany County, in which agricultural pursuits are carried on to the very smallest extent, I find the real estate values taxes $93,500,000; Erie County, $179,000,000; Kings County, $445,000,000; New York County, $1,400,000,000, making a total of $2,117,500,000. The valuation of the entire real estate of this State, according to the assessment rolls, is $3,400,000,000, so that these urban counties have real estate of two-thirds the value of all the real estate there is within this State.

As to acreage, I find that Albany County has 304,185 acres; Erie County, 612,846; in Kings and New York counties the

values have gone way beyond any acreage assessment, but it would be safe to say that in the two counties there are not more than 250,000 acres. The acreage of the entire State, subject to taxation, is about 28,000,000 acres, and there you have it. One-twenty-eighth of the acreage of the State is paying two-thirds of the taxes. Were a just system to prevail, and personal property taxes to be abolished, these same urban acres would pay still more; and were justice done in assessing real estate in the interior, the tax rate of all who put their real estate to productive use would be decreased. I intend to ask a high statistical authority to give me the statistics of real estate values, urban and suburban, in the whole United States, and when I have obtained the information I will take great pleasure in forwarding it to you; for you can point out, as an answer to the figures that I have given you, that I am using as a basis the most populous State in the Union, and, in the event of that having come into your mind, I beg to assert that it can be demonstrated beyond a peradventure that the average will remain the same in every State in the Union, for the reason that, where the urban population is small, the suburban population is also small, and there is a larger quantity of land that has absolutely no value because of the absence of population.

You are carried away by another prevalent error, that personal property is mainly in the hands of the wealthy. If you mean to say by that that stocks, bonds, diamonds, and articles of luxury are in the hands of the wealthy, you are right; but these are not all that is included under the head of personal property. Mortgages are included under that head, and especially mortgages on farms. Now, the money that is used for that purpose does not come from the wealthy. They know how to invest their money to better advantage. The money invested in mortgages throughout the United States is the savings of people who work for wages. A Wall Street operator

is not content to let his money draw him from five to eight per cent.; he wants from thirty to a hundred per cent., and takes chances.

The other forms of personal property that I think you have not in mind are those things classed under the necessities of the people—food, clothing, and such. While we hoist up the bugaboo of the personal property that the wealthy hold in the shape of their bonds, stocks, etc., the superficial students of affairs remain entirely ignorant of the fact that the necessities which come under the heading of personal property outvalue all these bonds, stocks, etc., every year.

In New York County we are assessed on $220,000,000 of personal property. We have, as a matter of fact, about $1,500,000,000 of taxable personal property, mostly hidden. That $1,500,000,000 represents an average of $1,000 to each man, woman, and child. The personal property in the shape alone of the food we consume is about equal every day to the highest figure that has been set on the valuation of all forms of personal property. Then, what folly it is for men to go round giving expression to their views as to the wrong the abolition of personal property taxes would do the farmers—men who have given but a casual thought to the subject, many of them being professors of universities.

You ask whether or not a man's farm or market garden is not a form of capital engaged in production. There is no economist accepted to-day who would intimate that a man's farm or "market garden" is a form of capital engaged in production. A man's farm or his market garden can do nothing without the assistance or the help of the man's labor. The product of that man's labor applied to his farm or market garden results in a form of capital; or, as economists would put it, wealth that may be used for further production.

I pass a portion of your letter until I reach the point where you advise us vigorously to enforce our own laws and bring

personal property to the surface. The inference there is that you would go back to the days of the robber barons, the days of the rack and the thumb-screw, when that method of taxation had reached a point where a man would be perfectly honest in certifying to his wealth and yet could be made under pressure to swear to twenty times that wealth for purposes of taxation. We have gone beyond that time. The robbers who rob us now have to do so through legislation, or else we put them in jail. The vassal of a baron cannot order us up to the castle for the purpose of swearing to anything that the baron would have us swear to. I say we have passed that stage, and I don't think intelligent public opinion will permit any legislation that looks to going back to the methods of those "good old times." The French people are far ahead of Americans in that matter. They have given up trying to assess personal property, for they have discovered, as I told you in my last letter, that personal property reflects a value upon real estate that can thus be reached; and while their method of reaching it is rather clumsy, still they do reach it in this way: If a man hires premises, say in the city of Paris, for which he agrees to pay a thousand francs a year, the authorities thereby presume, that, as he can afford to live in such premises, he must be worth so much money, and they tax him on the amount that they think he is worth on that basis.

You are carried away with the mistaken impression that existed in Cardinal McCloskey's mind up to the day of his death; viz., that land was to be taxed according to its area and not according to its value. I remember reading of the celebrated case in which he called upon one of his parish priests to explain why he advocated a tax that would result in cutting up the land of the city of New York into little bits.

I attempted at one time to convert a good old moss-backed countryman to this idea. I argued with him for nearly three years and then converted him suddenly one day by accident.

He was visiting me in this city, and I took him for a walk. We passed the Madison Square Garden, and he seemed so impressed with its magnificence that we stayed there looking and walking around it for nearly half an hour; finally his admiration found words, and, farmer-like, he wanted to know what it was worth. He was a resident of Sullivan County, and I told him that that block with the building on it was worth more than the entire real estate and personal property value of the whole of Sullivan County; that, whereas you could not ride on horseback from one end of Sullivan County to the other in two days, you could walk around this piece of property in five minutes, and yet it was worth more than all the property he could ride over in two days. It made an impression on him which did not find expression in words until he got home, when he wrote me saying that he saw the point at last.

I believe it to be only necessary to bring our farmer friends down to this city, and show them one city block after another that is worth more than the entire county they live in, to convert them to our way of thinking. But the funds of this association will not permit of that form of procedure.

Hoping to hear further from you on this subject, I am,

Very truly yours,

WILLIAM MCCABE, Ass't Secretary,
New York Tax Reform Association.

UNIVERSITY OF PENNSYLVANIA,
PHILADELPHIA, *June* 23, 1891.

BOLTON HALL, ESQ., New York Tax Reform Association.

My Dear Sir: I thank you for the copy of your association's statement of principles. It is one which I can indorse very heartily, except at one point. I would alter the third article to read, "Real estate *and incomes* should bear," etc. I fail to see why a rich man should be allowed to exempt himself from the direct payment of taxes by abstaining from

investments in land and houses; and I am not clear that taxes on land and houses will so distribute themselves as to reach all classes in proportion to the amount of the protection they receive from the State, and also to their ability to pay for that protection.

Very truly yours,

R. E. THOMPSON.

COLUMBIA COLLEGE,
NEW YORK CITY, *October* 28, 1891.

BOLTON HALL, ESQ.

Dear Sir: Your letter addressed to President Low, as well as the one intended for the *Quarterly*, have been handed to me for reply. I would say that point one in the platform meets my approval, looked at from the theoretic point of view.

If point two means that personal property should be exempt, I agree. But as to mortgages, I believe that they should be assessed to the mortgagee as real property, as is done in California. Point three would meet my approval if the word "local" were inserted before the word "taxation." But the last part of the sentence I do not agree with. I do not think it can be proven that they bear least heavily on the farmer. The remainder of the platform is, of course, self-evident, and therefore meets with my approval. But I would say that, on the whole, I consider your platform a little too negative. There should be more positive, constructive assertion in it.

Yours truly,

EDWIN R. A. SELIGMAN.

JOHNS HOPKINS UNIVERSITY, MARYLAND,
BALTIMORE, *May* 6, 1891.

BOLTON HALL, ESQ.

My Dear Sir: I am much interested in your letter of the 5th inst., but am unable to indorse your tax reform platform.

I do not accept it entirely as it stands, and I feel very confident that I should be unable to approve of any practical application which might grow out of it. I am not entirely opposed to the taxation of capital engaged in production, and do not believe that it necessarily drives capital away.

Very truly yours,

RICHARD T. ELY.

COLLEGE OF NEW JERSEY,
PRINCETON, *December* 9, 1891.

BOLTON HALL, ESQ., Secretary New York Tax Reform Association.

Dear Sir: On the whole, I very heartily indorse the above platform.

Yours,
WOODROW WILSON,
Professor Jurisprudence and Political Economy.

YALE UNIVERSITY,
NEW HAVEN, *December* 14, 1891.

BOLTON HALL, ESQ.

Dear Sir: I beg to assure you, in behalf of the department of political economy at Yale, of our hearty sympathy in your efforts to secure intelligent discussion of the subject of tax reform.

Sincerely yours,
ARTHUR T. HADLEY.

UNIVERSITY OF THE CITY OF NEW YORK,
September 22, 1891.

Mr. BOLTON HALL, New York Tax Reform Association, 111 Broadway, City.

My Dear Sir: Since it was my lot in past years to lecture upon political economy, and to take a lively interest in civics, I

am quite inclined to give an opinion on your platform, and that a favorable one.

I regard the system of municipal taxes in most of the States with which I am acquainted, as inexpedient from an economic point of view, and very objectionable from an ethical standpoint. Matters would be greatly improved if your platform could be adopted and faithfully carried out.

Sincerely yours,

H. M. MACCRACKEN.

HARVARD UNIVERSITY,
CAMBRIDGE, MASS., *October* 17, 1891.

Dear Sir: I agree with the platform of the New York Tax Reform Association, and heartily with the association's success in enlightening the public mind concerning the whole subject of taxation.

Very truly yours,

CHARLES W. ELIOT.

Mr. BOLTON HALL, Vice-President.

CHAPTER XII.

PRESS DISCUSSIONS.

Early interest of the newspapers in the Tax Reform Association.—Sample letter to a country newspaper.—Various press opinions.

AN important feature of the Tax Reform Association's work has been its correspondence with newspapers and periodicals. The objects of the association were fully presented to many hundreds of newspapers, and large quantities of documents were distributed to the press. The result was a widespread and interesting discussion of the subject. In many instances editors promptly denounced the association, manifestly without having examined its arguments, but for the most part the press meted out fair treatment to the question. A list of papers that have commented on the association, with note of their attitude, will be found in the appendix.

The letter that follows is inserted as a good example of the discussion that is carried on with country papers. These papers willingly print matter touching the subject, and eagerly argue the question:

To the Editor of the *Evening Star*,

Greenbush, Rensselaer County, N. Y.

Dear Sir: Your letter of November 20, inviting me to send another letter from the Tax Reform Association, is noted. I am sorry that you are not converted to our views of taxation.

Taxation lies at the root of the people's prosperity or poverty. When more taxes are drawn than are necessary for the economical support of government, or when taxes are drawn from an entire people in order that a few may benefit, the nation suffers. The more taxes are levied on the necessities of the people, the less becomes their ability to buy; and it is to the unjust methods that have prevailed so long, that the present stagnant condition of business and production in this country may be attributed. The people of the United States are awakening to that fact, and I think it may be said without dispute that the question of taxation is now to the fore, and will not be settled until it is settled right.

This association was formed by men who saw all sides of the question. They realized that a tax on personal property had been the means of increasing the price of commodities, and had also resulted in driving from this city hundreds of millions of dollars of capital. For the verification of this statement, I refer you to the testimony of Tax Commissioner Coleman before the Fassett Committee, two years ago. In that testimony, Commissioner Coleman said that the effect of the personal property tax laws in the State of New York had been to drive an enormous amount of wealth from the city of New York, and that especially in the year ending 1889 over six hundred millions of corporation capital had left this city and taken charters in the States of Connecticut and New Jersey. He also asserted that the effect of the exodus of such enormous amount of capital was felt by the real estate and business interests of this city.

Now, every one knows that when capital moves from a certain place, business is to that extent hampered, and real estate values fall.

What the members of this association wish to do is to open the doors wide, so that all capital that may seek investment shall come to this financial centre. The real estate owners connected with this association realize that an inflow of capital and products of industry to this city would increase the value of their real estate to such an extent that they could afford to pay the increased tax on that real estate, because of the largely added value that would be given. This brings up the question of what it is that gives value to real estate? If a plague were to visit this city, and all the inhabitants should move away, taking with them their goods, the value of the real estate here, despite the labor that has been put upon it and the population that has been clustered on it for nearly three hundred years, would disappear entirely, and all the massive buildings of the city of New York that have been erected during that time would not be worth the value that is now placed on a single structure. The island would be worth little more than it was at the time when the Dutch bought it from the Indians. If what I have said is true, then it is a fact that real estate of itself has no value; that its value is given to it by the gathering together of population, and the accumulation of the products of industry, or, as we would put it, personal property. If the great money centre of this city were suddenly to shift itself from the vicinity of Wall Street up to Harlem, and the business now carried on around Wall Street were to be carried on up in the new district in Harlem, the effect would inevitably be that the real estate values that now cluster around Wall Street would be shifted to Harlem. The reason that real estate in New York City is worth thousands of dollars a front foot, while real estate in your village is probably worth from five to twenty dollars a front foot, is because there is more

population and personal property here than there is in Greenbush. If the inhabitants of this city, when they deserted the island, were to settle in and around Greenbush, the real estate values which now belong to this city would very quickly change themselves to your village, and New York City would not be worth then what the village of Greenbush is worth today. I cite these points to try to bring you into agreement with me as to what factors give real estate its value, and if my points are wrong I hope you will demonstrate where I am in error.

Personal property consists, under the laws of this State, of bonds, mortgages, and other forms of capital, food, clothing, and the things necessary to satisfy human desires. Our food and clothing in their primary state come to us from the farm. Some of these adjuncts come directly to the consumer, while others have to go through processes in factories, etc., before they are ready for consumption. As far as I can think now, nearly everything necessary to satisfy the natural appetites of men is the product of the soil, and therefore comes properly from the farm. Surely, all men engaged in agricultural pursuits will agree that the cheaper these things can be sold to the consumer the more of them will be bought and consumed. If I am correct, why should the farmer be an advocate of personal property taxation? If he can raise a thing profitably for sale for a dollar, why should the consumer be called upon to pay a dollar and a half for it? This is exactly the idea that the farmer favors when he favors a personal property tax. He ought plainly to see that where a man can buy a thing for a dollar, and the price of that thing is raised to a dollar and a half, a man can afford to buy less. Or, I will put it this way: a chicken can be bought a hundred miles from New York for thirty cents; that same chicken will cost the consumer in this city a dollar. The result is that the people in the neighborhood where the chicken was raised can indulge them-

selves very largely in chicken meat, and they do so; while the people of this city, who would naturally prefer chicken meat to corned beef, are compelled to eat more of the corned beef for which they care less, and less of the chicken for which they care more. I think this is a demonstration which can be amplified so as to include all that a farmer raises.

In this same district if you stop at a farmhouse and ask for a drink of water, they will invariably ask you to take a glass of milk, for the reason that milk on that farm is so plenty that the farmer loses practically nothing by tendering a glass of milk in lieu of water, while he has the satisfaction of having been hospitable. In this city that same glass of milk which was tendered so freely would have cost five cents; the result is that in that section people drink a great deal of milk, while in this city milk costs money, and the people therefore drink a great deal of water.

The factories in which the changes in the production of the farm are made to fit them for their various uses are in the centres of population. This is the most crowded and the largest factory city in the United States. In our factories the products of the farm are taken and transformed into things for the gratification of man, in the process of which much labor is necessary. The effect of personal property taxation is to make these products cost the consumer more than they would if there was no tax on them; the result of that is that the people consume less of them; the result of that is that less labor is needed in the manufacture of these products; the result of that is that the manufacturer needs less of the farmer's products; the result of that is that the farmer is prevented from putting his farm to the fullest use, and the result of that is dull times. So, you see, that notwithstanding the fact that the farmer is a stanch advocate of the taxation of personal property, in the hope that he may be able to reach the capitalists of New York City, he, as a matter of fact, adds to the weight of the yoke

about his neck, and at the same time he puts burdens upon the backs of the producing populations of the cities; for were taxation taken off the products of the farm and of the factory, those things would be reduced in price, more people would be able to buy, more labor would be necessary in the production of those things, an increased demand would come for labor, the glut of the labor market would be relieved, and wages would be raised; and there, I think, is the whole situation in a nutshell.

The real estate owners, of whom this association is largely composed, realize all these things, and have also realized that the change which they hope to see would add to the value of their property, and that therefore they could easily bear the added burden that would fall upon them through the abolition of personal property taxes.

"But," says the farmer, "you don't touch upon the point that we have in mind—how about mortgages, which are also personal property?" Well, the fact is this: The money placed on farm mortgages by the banking corporations does not come from the Wall Street men at all. No man who does business in Wall Street is satisfied with an income of five or six per cent. The bulk of the money placed on mortgages on the farms of this country is the savings of the poor people, and not the money of what the farmer so sneeringly calls "the Wall Street sharks." The Wall Street shark wants to turn his money fast; he wants to make from thirty to seventy per cent. a year, while the people who work for wages and deposit their little savings in the savings banks are satisfied almost to know that the money for which they have worked so hard is in a place of security, not to speak of the matter of interest. And the savings banks, when they loan money on mortgages of any description, are very sure to include in the amount of interest that the mortgageors have to pay the amount of the State personal property tax on mortgages. This is a case, without doubt, in which the State does get its revenue; that is to say, when money is

borrowed directly from the banks. But when you are borrowing money on mortgage from the money lender, while he adds the State personal property tax to the interest that you must pay him for the use of his money, you have no guarantee that the State gets that personal property mortgage tax. The chances are that, if the money lender is imbued with the spirit of old Adam, he quietly puts that extra tax in his own pocket, and the farmer and the State are both losers.

It is an old error among the farmers in thinking that the personal property tax on mortgages comes out of the man who loans the money. If the farmer who has a mortgage on his farm should suddenly find his situation changed and should find himself able to loan money on mortgage, I have not the slightest doubt that he would, in loaning his money on farm mortgages, take into consideration the tax that the State demands; and I have also not the slightest doubt that if he could pocket that tax without any one being the wiser, he would do it. Most mortgages can now be hidden from any assessor, and if laws were passed to put the screws on the money lender to make him exhibit his mortgages, he would not loan his money without extra interest or bonus so as to secure him a reasonable profit for the use of his money.

It is the mortgage part of the personal property tax that the farmers and their press especially dwell upon, and I think I have demonstrated that in trying to increase the burdens of the men who lend their money on farm mortgages they are chasing a ghost that will never be there when the farmers try to place their hands on it.

We know that the representatives of some of the farming constituencies are going to introduce rigorous personal property tax bills in the coming legislature. This association desires to see all those bills defeated, and to see the personal property tax abolished. But, if that cannot be done, the next best thing will be to have those bills passed and put into

immediate operation; for we know that with the adoption and carrying out of one-half the threatened measures, there would go up such a cry from the people of this State (especially the farmers), as would make it more than a man's political reputation is worth ever to advocate such a measure again.

Yours very truly,

WM. MCCABE, Assistant Secretary,
New York Tax Reform Association.

Here are a few notable press opinions taken from a great number:

HOW THE PERSONAL PROPERTY TAX LAW OPERATED.

If the assessment returns are to be believed, in nine-tenths of California there is not a pound of butter made. In four-fifths of the State the sheep do not produce any wool; only four counties produce honey. Personal property has vanished from San Francisco; loans of money are becoming unknown in the rest of the State; bonds of cities and municipalities of all kinds are not held within the State to an amount equal to one-sixth of the county bonds outstanding alone; and, finally, money has been smitten by a pestilence, two-thirds of all that there was in California before the adoption of the Constitution having taken to itself wings, and the remainder being evidently on the way.—*Long Islander*, Huntington, Suffolk County, N. Y.

PEOPLE POORER, REAL ESTATE RICHER.

The fact stated is that during the decade 1880–1890 the assessed valuation for purposes of taxation of real estate in New York City increased nearly fifty per cent. (48.4), while in the same period personal estate subject to taxation *decreased* 18½ *per cent.* Now, it is a well-known fact that the personal

property held by citizens of this city has not only increased, but has swelled to enormous proportions during the past ten years.—*New York Financier*, New York City.

TAXING THEMSELVES.

When such real estate owners demand the abolition of all taxes on personal properties, we may readily suppose that they have good arguments to present, which will be listened to respectfully.—*Herald*, New York City.

THE BLUNDER OF TAXING PERSONAL PROPERTY.

The Troy *Herald* is laboring under the manifest misconception that when the trunk of a tree is bored for sap the limbs escape. In order to tax the tree equitably, it would with vastly increased labor, expense, and annoyance get up among the branches and put a hole into each one, according to its size, so as not to overtax the trunk. The advocates of a tax on personal property and incomes usually make the same blunder in their process of reasoning.—*Troy Press*, Troy, Rensselaer County, N. Y.

AN OPAQUE VIEW OF IT.

A more thorough scheme of wholesale robbery (that of the New York Tax Reform Association) has never been devised. The party that ingrafts such a scheme into its platform this fall will be buried out of sight. There are fifty millionaire families in New York City whose holdings in personal property are such that they could better afford to pay half the taxes of this State than that real estate should bear it all.—*Advertiser*, Geneva, Ontario County, N. Y.

"D——D SCOUNDRELS."

The whole principle of the New York Tax Reform Association is a finely constructed and cunningly devised method for

the rich to shirk the responsibility of doing their share toward supporting their State government—a cowardly and despicable thing to do.—*Alliance Leader*, Belmont, Alleghany County, N. Y.

AS JACK BUNSBY WOULD SAY.

Because it is more difficult to trace possession and reveal ownership of personal property, and in consequence the tax as levied becomes partial and unjust toward some persons, operating in favor of the unscrupulous and knavish as against the honest and truthful, makes no really valid or sufficient reason for abolition of the tax. It does, however, furnish an additional reason for extending and systematizing the taxation of corporations.—*Republican Watchman*, Greenport, Suffolk County, N. Y.

We hope the next legislature will pass a listing law which will require every adult to make a sworn statement of his property; and, if any one refuses to make such a statement, let the assessor be authorized to affix such a valuation as he deems fair and then compel the collection of the tax on that estimate. It is high time the farmers had justice done them in this matter, and we trust that another winter will not be permitted to pass without definitely settling this vexed question.—*Record*, Marlborough, Ulster County, N. Y.

WANTS IMMEDIATE RETURNS.

We warn the New York Tax Reform Association that if the benefit the farmer is to derive from the new system is of that indirect kind which is to come from assuming the main burden of taxation himself, so that capital may be encouraged to engage in "industry," it will be up-hill work making converts among the farmers. The experience which they have derived from taxing themselves to secure a "home market" for their

product is not of a character to induce farmers to act hastily in voluntarily taking upon themselves further burdens to secure some indirect and remote benefit.—*Democrat*, Ithaca, N. Y.

HOW IT WOULD WORK.

The exemption of personal property to a great degree will attract much business to the city and State. Only the other day the statement was made that our system of taxation had driven millions of manufacturing capital from New York to New Jersey, and the New Jersey farmer is feeding thousands of operatives who might just as well be consumers of the New York farmer's products.—*Evening Journal*, Jamestown, Chautauqua County.

MONEY DRIVEN AWAY. MICHIGAN FAILS AT IT.

Michigan has always had a law taxing mortgages. It was easily evaded. Four years ago the legislature enacted a system of searching the records and notifying supervisors so that they could put the screws to all mortgagees living in the State. What was the result? Money was at once sent out of the State, and is being sent out all the time, for investment. We happen to know of large sums that were sent away. The rate of interest increased, and the law injured every material interest of our people. Not long ago a good loan of ten thousand dollars was wanted on city property. No one would take it. It was placed outside of the State. There it is not taxable.—*Patriot*, Jackson, Mich.

DON'T ATTEMPT THE IMPOSSIBLE.

There are those who will say that it is not fair and just that the rich man who owns mortgages, and bonds, and stocks, should go "scot free," while the owner of real estate has to pay a heavy tax. In reply to this, the owner of personal prop-

erty will go "scot free" in spite of all your efforts to capture him. Money is easily transferred, and can be moved from one State or country to another on the very shortest notice; in fact, it only takes a few ticks of the telegraph to transfer an immense fortune from New York to London.—*Long Islander*, Huntington, Suffolk County, N. Y.

WILLING TO CONSIDER.

Some of the articles in the creed of the New York Tax Reform Association we are inclined to favor, as possible reforms of the near future. Among these is the doctrine, now growing in popular favor, that the products of labor and enterprise, especially those employed in further production or in trade, should bear as light a burden of taxation as practicable.—*Daily Union*, Schenectady, Schenectady County, N. Y.

APPENDIX.

PRINCIPLES ILLUSTRATED IN DIALOGUE.

PERHAPS the aims and principles of the Tax Reform Association will be made clear to some by the following dialogue:

Jasper: Mr. Tax Reformer, I have read your platform and I have come to you for information. Tell me what it is you want to do.

Tax Reformer: We want to abolish all personal property taxes, and raise the revenue for the support of Government by a tax on real estate.

J.: That's it, eh? Well, how is that going to affect me? I am a poor man; I have bought a lot from a rich man for $2,000; I have paid $500 down; he holds a mortgage of $1,500; I have to pay two taxes, spring and fall, and the interest; now tell me, where is your justice in robbing the poor man in that way? I contend that the holder of that $1,500 mortgage on my property should pay taxes.

T. R.: The justice, so far as you are concerned, is in this: were the taxes taken off mortgages, the interest you have to pay on your mortgage would be reduced.

J.: I don't see that. The man holds a mortgage on my property now, and the rate of interest that I have to pay is fixed. Why should he not be made to pay taxes on the interest that he receives from me on my mortgage?

T. R.: I hope you do not consider for a moment that the tax on the mortgage this rich man holds on your property is paid by him; if you do think so, you are a very silly man. When he loaned you that $1,500 on your property, he kept in view the fact that the Government expected him to pay a tax on that mortgage, and for that very reason he charged you a higher rate of interest than he would otherwise have charged; or, if he did not add the tax he would have to pay to the interest you have to pay him, he got it in another form, probably in the shape of a bonus. To put it another way: A business man has $1,500 to loan on mortgage; he expects that $1,500 to earn him a certain interest. Now, he knows that there is a

State law which says that mortgages shall pay a certain per cent tax on their value. What does he, as a sensible man, do? Why, he adds that extra amount to the amount of interest that the borrower will have to pay him; and in this case you are the borrower, and you surely see that you have to pay the tax on that mortgage. But say you are dealing with a man who dodges his taxes. Then where are you? He has got the money from you to pay the taxes on his mortgage, but he and God are the only two who know whether the State of New York gets the money that he collected from you to pay the tax on his mortgage. The chances are that he and God are in receipt of better information, for it is a hundred to one that he keeps that money in his pocket and puts the mortgage where the assessor cannot find it; the result being that you have to pay a higher rate of interest than you would otherwise have to pay, and he is gainer to the extent that a bad law has permitted him to blackmail you for his own individual benefit.

J.: But in addition to the interest I have to pay the man who holds the mortgage on my place, I have to pay taxes spring and fall on the value of my property, of which this money lender practically owns three-fourths.

T. R.: Well, if you have to pay taxes on this property spring and fall, and also have to pay to this man interest on your mortgage, don't you see that your property under our personal property tax laws is being taxed, so far as you are concerned, once on its full value and again on three-fourths of its value?

J.: No; I don't see that.

T. R.: Let me try to prove it. You have to pay your taxes, as you say, spring and fall on your land. You are sure to have to do that, for the assessor knows that that land lies out of doors where he and your neighbors can see it, and for this reason you are not able to dodge your tax. Therein lies the difference between you and the man who took the mortgage on your place. He can hide his taxable property, which in this case is the mortgage that he holds on your place, and he does hide it, and there is not a listing bill prepared, and none ever can be prepared, strong enough to compel that man to pay taxes on that mortgage if he does not wish to do so. Further, the personal property tax hampers you. It has, as you have already seen, hampered you so far as your mortgage is concerned. It hampers you still further by preventing you from putting your land to its best productive use.

J.: Well, Mr. Tax Reformer, I don't see that. That is the point I wish you to explain.

T. R.: It seems quite clear to me. A tax on anything increases its price to the last purchaser, or what is more properly known as the consumer, and

makes it compulsory on him to get along with less of the things that are produced. Suppose, for instance, that you raise hogs, and that there is a personal property tax of one cent a pound on hogs. Don't you see that the price at which you could profitably raise hogs would be increased one cent a pound, and that as that hog passes from hand to hand on its way to the consumer, each adding his profit, by the time it has reached the consumer all the profits on that one cent a pound have grown so as to make a material difference in the price of hog meat? And don't you see, further, that the effect of that will be to compel the consumer to get along with less hog meat than he would otherwise use, with the result that the consumers curtail the amount of hog meat that they would ordinarily buy, that there would be less demand made on you to raise hogs, that there would be less of your labor required in the raising of hogs, and, finally, that the result of all this would be hard times for you ; for, as the demand for hogs decreased, the production would be decreased and there would be less demand for your labor?

J. : Yes ; I partly see it. The idea you mean to convey is that the cheaper products are, the more of them people can afford to buy, and that as their demands increase the demand for my labor would increase. Is that it?

T. R. : That's it. There is an injustice being done you under the present system of taxation, which I think you feel. But you must not attempt to relieve yourself of injustice by piling it on the shoulders of others who now carry as heavy a burden as they can bear. If you think you are going to ease yourself of your burdens by pounding the holder of your mortgage in the vain hope of making him pay more taxes, you are making a grave mistake. The thing that you, and all men engaged in productive industry, have got to turn your attention to, is the levying of taxes with some idea as to justice. I, as a tax reformer, want taxes taken off industry and placed on the thing that industry and population give value to, and that is real estate. There is real estate in your town, and there is real estate out on the Western plains. The real estate in your town is worth some dollars per foot, while the real estate that I speak of out on the plains is not worth a cent a square yard. Why is it that the real estate in your town has a value, and the real estate out on the plains has none? It is simply because in your town there is population and personal property, while on this square yard in the West there is nothing : so, what is it that gives value to real estate?

I do not wish you any harm, but I am rather glad that there is a mortgage hanging over your property. Had there not been, the probabilities are

that you would never have thought about this question of taxation. If the $1,500 mortgage has done nothing else, it has aroused you into taking an active interest in taxation. I advise you to study the question, and not be led away by any of the demagogic talk that is indulged in throughout the suburban districts. WILLIAM MCCABE.

A BUSINESS MAN ANSWERED.

This association recently had some correspondence with a business man of New York City upon the question of his aiding the movement in favor of abolishing taxes upon personal property. In answer to a communication from him urging the uselessness of the work in which we are engaged, the following letter was written :

Mr. LITTLE-THOUGHT, No. 1001 Maiden Lane, New York.

Dear Sir : Your skepticism regarding the probable action of the legislature is the result of a lack of knowledge of the facts. Many of the country papers, printed in the farming interest, cannot be more urgent than they are in insisting on more rigorous laws for the collection of personal property taxes. I cannot lay the matter before you in a letter, but we have in this office hundreds of columns of matter printed in the farming press in favor of the enactment of personal property tax laws, especially directed against what they style the "money sharks" of New York City.

You may be right in your opinion concerning our city legislators. They have been bribed and will be bribed again ; but there is no politician or office-holder living who will dare, for a bribe, to vote against what comes to him clearly and distinctly as an expression of opinion from the people. I think it is the fault of business men with large interests, that most of our politicians are corrupt. The condition may be bad, but the average business man who understands the condition would rather submit to it than advocate or take on another condition which he knows not of. Politicians are shrewd men, and they know this, and they also know how sensitive a dollar is, and upon these two things they play, and they milk the business men, year after year, just as a dairy-maid milks a cow.

You, like other business men, have no money to "throw away" on what you may consider to be a forlorn hope. You prefer to wait until the thing comes upon you in such monstrous shape that all the money that can be got together will not clear it away. The men composing this association are many of the largest wholesale and retail business men of this city. They see the danger and they desire to meet it ; but they very naturally think that the success of this association means benefit to all men in business. There-

fore, they think the business men of this city should join with them in trying to defeat the contemplated legislation at Albany.

I have called on several business men in this city in connection with this matter, but I find that they are too busy to spare time for argument. I do not think any good is to be done by calling. The only thing for you to do is to devote some of your spare time to an examination of this question and of the probable action at Albany this winter, when I think a great deal of your skepticism will vanish.

Hoping to hear further from you, I am,

Yours very truly,

WILLIAM MCCABE, Assistant Secretary,
New York Tax Reform Association.

MR. FAWCETT ON THE INCOME TAX.

"How is it possible to supply any test or measure of the amount which a man can afford to pay toward a tax? Certainly, such a test or measure is not provided by the nature of the source from which an income may be derived, for the income of almost every individual is obtained from a great variety of different sources; therefore, some portion of his income may be permanent, and another part of it may be temporary. Consequently it is impossible to judge of an individual's means by considering only one part of his aggregate income. Thus A may possess £2,000 a year in landed property, and may, in addition to this, derive £1,000 a year from his profession. Another individual, B, may possess only £500 a year in landed property, but has a permanent income of £1,000 a year from the funds. On what ground do those who oppose a uniform income tax affirm that the £1,000 a year which B obtains from the funds should be taxed at a higher rate than the £1,000 a year which A is supposed to realize from his profession? B is a much poorer man than A, and it therefore cannot be maintained that B, with regard to a portion of his income, should be taxed at a higher rate than A, because the former can better afford to contribute to the tax than the latter."

Mr. Fawcett urges as one of the strongest arguments against an income tax that it is often a tax upon savings, and therefore discourages prudence. He argues against a graduated income tax, that it would be virtually sanctioning the principle that the proportion which the State should take from a man's income should increase in the direct ratio of the amount he might save. A tax levied on this principle discourages the accumulation of capital, and thus tends to discourage the creation of new industries and the

extension of those already in existence. Mr. Fawcett is of opinion that the effects of the income tax in Great Britain are not so important as has been supposed, but he believes that the tax bears with peculiar hardship upon such small incomes as fall within the law. "For instance," says he, "an income just exceeding £400 is taxed at the same rate as an income of £10,000. There can be no doubt that the owner of such a small income as £400 cannot pay even a few pounds toward an income tax without depriving himself or his family of the means of satisfying some real want or enjoyment of life. The income tax, therefore, entails a far greater sacrifice upon such a person than upon the more wealthy man, who can pay the tax without encroaching upon his personal expenditure."

After discussing various schemes for adjusting an income tax in such manner as to avoid such inequalities, Mr. Fawcett says: "In conclusion, it is necessary to refer to a serious objection connected with the income tax, which cannot be obviated by any method of adjustment. It is evident that the tax can be accurately levied upon all incomes the amounts of which are publicly known. As previously stated, the Bank of England, when paying the dividends arising from the funds, deducts the income tax, and hands the amount over to the Government. The tax is similarly deducted from all official salaries, and also from the pay of officers in the army and navy.[1] The amount of the tax which is levied from various other kinds of incomes is also regulated by definite rules. For instance, a farmer's income is estimated to be equivalent to one-half his rent. If, therefore, his rent is £800 a year, and if the income tax is five per cent., the income tax levied upon him will be £20. His income may no doubt be either more or less than £400 a year; but when the rule has once been made, he has no power to evade any portion of the tax, because the amount at which he is assessed is precisely determined. But with regard to various other classes of traders it is impossible to ascertain the amount of their incomes by any definite rules. The income of a manufacturer or retail trader can only be approximately estimated; an opportunity is thus afforded to evade a considerable portion of the tax. Morality is unfortunately too often based on conventionality; and many who pass for honest men do not hesitate to cheat the Government, although in the private transactions of life they would shrink from doing anything in the least degree dishonorable. Numerous cases have occurred which strikingly exemplify the dishonesty that is practiced by many in their dealings with the Government."—*Manual of Political Economy.* By the

[1] These are ludicrous instances of taking out of one pocket to put into the other. Why not pay less salaries or interest, and make them free of taxes?—ED.

Right Hon. Henry Fawcett, M. P., D. C. L., F. R. S., etc., etc. Sixth edition. London: Macmillan & Co., 1883. Book IV., Chap. II.

The lists of newspapers, and of professors of political economy in our colleges, with their attitudes regarding the questions of taxation, cannot fail to be of interest in future years as a gauge of the state of public opinion in 1892.

ATTITUDE OF THE COLLEGES.

This association recently communicated with the presidents or professors of political science of all the colleges and universities of the United States, with a view to ascertaining their opinions on its platform. There have been 104 responses to our letter, of which 85 are favorable, 36 unfavorable, and 45 non-committal. These gentlemen were favorable:

Rev. A. S. Andrews, D.D., Pres. Southern Univ., Greensborough.....Ala.
" E. Benj. Andrews, D.D., LL.D., Pres. Brown Univ., Providence .....R. I.
Prof. James Atkins, Emory and Henry Coll., Emory.....Va.
Rev. R. L. Abernethy, D.D., Pres. Rutherford Coll., Rutherford .....N. C.
Prof. J. William Black, Georgetown Coll., Georgetown.....Ky.
" Andrew Baepler, Pres. Concordia Coll., Fort Wayne .....Ind.
" Edw. W. Bemis, of Economy and History, Vanderbilt Univ., Nashville....Tenn.
Hon. Kemp P. Battle, LL.D., Pres. Univ. of North Carolina, Chapel Hill .....N. C.
Prof. Charles E. Bessey, Ph.D., Univ. of Nebraska, Lincoln ..... Neb.
Rev. J. W. Bissell, Pres. Upper Iowa Univ., Fayette.....Ia.
Prof. Chas. A. Blanchard, M.A., Pres. Wheaton Coll., Wheaton.....Ill.
" W. M. Brooks, A.M., Pres. Tabor Coll., Tabor.....Ia.
" T. G. Brownson, Pres. McMinnville Coll., McMinnville.....Ore.
Rev. J. H. Brunner, D.D., Pres. Hiwassee Coll., Hiwassee ....Tenn.
Prof. Horace Bumstead, D.D., Pres. Atlanta Univ., Atlanta.....Ga.
Rev. S. W. Boardman, D.D., Pres. Maryville Coll., Maryville ....Tenn.
Prof, E. H. Capen, D.D., Pres. Tufts Coll., College Hill.....Mass.
" James H. Carlisle, LL.D., Pres. Wofford Coll., Spartanburgh .....S. C.
" Franklin Carter, Ph.D., LL.D., Pres. Williams Coll., Williamstown .....Mass.
" D. H. Cochran, Ph.D., LL.D., Pres. Polytechnic Inst., Brooklyn . .....N. Y.
" B. D. Cockrill, Trinity Univ., Tehuacana.....Tex.
" John F. Crowell, A.M., Pres. Trinity Coll., Trinity .....N. C.
" Winthrop More Daniels, department Economics, Wesleyan Univ., Middletown .....Conn.
" Edw. C. Downing, Secy. Faculty, Macalaster Coll., Macalaster ..... Minn.
" Julius D. Dreher, A.M., Ph.D., Pres. Roanoke Coll., Salem.....Va.
" Chas. W. Eliot, LL.D., Pres. Harvard Univ., Cambridge .... Mass.
" D. W. Fisher, D.D., LL.D., Pres. Hanover Coll., Hanover .....Ind
" Wm. W. Folwell, of Political Science, Univ. of Minnesota, Minneapolis...Minn.
" E. S. Frisbee, D.D., Pres. Wells Coll., Aurora..... N. Y.
" H. T. Fuller, Pres. Worcester Polytechnic Inst., Worcester.....Mass.

Rev. Geo. A. Gates, A.M., Pres. Iowa Coll., Grinnell.....Ia.
Prof. Clarence Gordon, Newburg.....N. Y.
" W. M. Grier, D.D., Pres. Erskine Coll., Due West.....S. C.
" W. M. Hall, of Political Science, Colorado Coll., Colorado Springs.....Col.
" A. M. Haggard, A.M., Pres. Oskaloosa Coll., Oskaloosa.....Ia.
" A. B. Harvey, A.B., Pres. Benzonia Coll., Benzonia.....Mich.
" A. B. Hervey, St. Lawrence Univ., Canton.....N. Y.
" John A. Himes, of Political Science, Pennsylvania State Coll., Gettysburg...Pa.
" William P. Holcomb, of Political Economy, Swarthmore Coll., Swarthmore..Pa.
" W. J. Holland, Ph.D., D.D., Chan. Western Univ. of Pennsylvania, Allegheny.....Pa.
" Fred. G. Holmes, of History and Science, Univ. of Virginia, Albemarle Co...Va.
Rev. E. P. Hooker, D.D., Pres. Collins Coll., Winter Park.....Fla.
Prof. Ellery C. Huntington, Univ. of Nashville.....Tenn.
" F. T. Ingalls, D.D., Pres. Drury Coll., Springfield.....Miss.
" John D. Irons, D.D., Pres. Muskingum Coll., New Concord.....Ohio
" S. A. Jones, LL.D., Pres. Nevada State Univ., Reno.....Nev.
" David S. Jordan, Pres. Leland Stanford, Jr., Univ., Palo Alto.....Cal.
Rt. Rev. J. J. Keane, Rector Catholic Univ. of America, Washington.....D. C.
Rev. A. A. Kendrick, D.D., Pres. Shurtleff Coll., Upper Alton.....Ill.
Prof. Wm. F. King, LL.D., Pres. Cornell Coll., Mt. Vernon.....Ia.
" H. T. Ludwig, North Carolina Coll., Mt. Pleasant.....N. C.
" J. Macy, of Political Economy, Iowa Coll., Grinnell.....Ia.
Rev. T. P. Marsh, D.D., Pres. Mount Union Coll., Alliance.....Ohio.
Prof. H. MacCracken, D.D., LL.D., Chan. Univ. City of N. Y.....N. Y. City.
Rev. Wm. F. McDowell, A.M., S.T.B., Univ. of Denver, Denver.....Col.
" Geo. B. McElroy, D.D., Ph.D., F.S., Adrian Coll., Adrian.....Mich.
" Archibald McLean, Pres. Bethany Coll., Bethany.....W. Va.
Prof. Chas. A. Mead, A.B., Teacher, Dearborn-Morgan School, Orange.....N. J.
" H. W. Milligan, Department of History, Literature and Economics, Illinois Coll., Jacksonville.....Ill.
" Geo. F. Mosher, Hillsdale Coll., Hillsdale.....Mich.
" Geo. B. Newcomb, of Moral Philosophy, Coll. of City of N. Y.....N. Y. City.
Hon. Geo. Nichols, M.D., LL.D., Acting-Pres. Norwich Univ., Northfield.....Vt.
Prof. Wm. A. Obenchain, A.M., Pres. Ogden Coll., Bowling Green.....Ky.
Rev. Alfred Owen, D.D., Pres. Roger Williams Univ., Nashville.....Tenn.
Prof. John R. Park, M.D., Pres. Univ. of Deseret, Salt Lake City.....Utah.
" J. B. Parkinson, of Political Economy, Univ. of Wisconsin, Madison.....Wis.
Rev. W. A. Quayle, A.M., Pres. Baker Univ., Baldwin.....Kan.
Prof. Geo. E. Reed, D.D., Pres. Dickinson Coll., Carlisle.....Pa.
" Jas. Reid, Pres. Coll. of Montana, Deer Lodge.....Mont.
Rev. B. F. Riley, D.D., Pres. Howard Coll., Birmingham.....Ala.
" Wm. C. Roberts, D.D., LL.D., Pres. Lake Forest Univ., Lake Forest.....Ill.
Prof. Henry W. Rogers, LL.D., Pres. Northwestern Univ., Evanston.....Ill.
Rev. W. S. Ryland, Chair of Faculty, Bethel Coll., Russellville.....Ky.
Prof. Austin Scott, Ph.D., LL.D., Pres. Queens Coll., Rutgers Coll., New Brunswick.....N. J.
Rev. Chas. Scott, D.D., Pres. Hope Coll., Holland.....Mich.
" L. Clark Seelye, D.D., Pres. Smith Coll., Northampton.....Mass.
Prof. Edwin R. Seligman, of Political Economy, Columbia Coll.....N. Y. City.

Prof. H. E. Shepherd, LL.D., Pres. Coll. of Charleston, Charleston.....S. C.
" S. E. Shooks, Ashland Coll., Ashland .....Ohio.
" Chas. N. Sims, D.D., LL.D., Chan. Syracuse Univ., Syracuse.....N. Y.
Rev. Ambrose C. Smith, D.D., Pres. Parsons Coll., Fairfield,.....Ia.
Prof. J. A. Smith, Pres. Nebraska Central Coll., Central City.....Neb.
" Wm. W. Smith, A.M., Pres. Randolph-Macon Coll., Ashland.....Va.
" J. W. Strong, D.D., Pres. Carleton Coll., Northfield.....Minn.
" Charles W. Super, A.M., Ph.D., Pres. Ohio Univ., Athens .....Ohio.
" A. H. Tolman, of Political Economy, Ripon Coll., Ripon.....Wis.
" W. P. Trent, of English and History, Univ. of the South, Sewanee.....Tenn.
" R. E. Thompson, Univ. of Pennsylvania, Philadelphia.....Pa.
" A. E. Turner, A.M., Pres. Lincoln Univ., Lincoln.....Ill.
" E. M. Turner, A.M., LL.D., Pres. W. Va. Univ., Morgantown.....West Va.
" Lyon G. Tyler, A.M., Pres. Coll. of William and Mary, Williamsburg..... Va.
Rev. Thomas Van Scoy, D.D., Pres. Willamette Coll., Portland.....Ore.
" Wm. F. Warren, S.T.D., LL.D., Pres. Boston Univ., Boston.....Mass.
" John Washburn, D.D., Pres. Ewing College.....Ill.
Prof. H. E. Webster, LL.D., Pres. Union Coll., Schenectady.....N. Y.
" J. A. Weller, Pres. Central College, Enterprise .....Kansas.
Hon. David A. Wells, Norwich.....Conn.
Prof. D. Collins Wells, of Political Science and History, Bowdoin Coll., Brunswick.....Me.
" James C. Welling, LL.D., Pres. Columbian Univ., Washington.....D. C.
" D. H. Wheeler, LL.D., Pres. Alleghany Coll., Meadville.....Pa.
Rev. N. White, LL.D., Pres. Lombard Univ., Galesburg.....Ill.
" George W. Williard, D.D., LL.D., Pres. Heidelberg Coll., Tiffin.....Ohio.
Prof. Woodrow Wilson, of Political Economy, Coll. of New Jersey, Princeton ...N. J.
Rev. William C. Young, D.D., Pres. Centre Coll., Danville.....Ky.

These wrote expressing unfavorable opinions:

Rev. George H. Ball, Pres. Keuka Coll., Penn Yan .....N. Y.
" J. W. Bashford, Ph.D., Pres. Ohio Wesleyan Univ., Delaware.....Ohio.
Hon. Newton Bateham, LL.D., Pres. Knox College, Galesburg.....Ill.
Rev. William M. Blackburn, D.D., Pierre Univ., East Pierre .....So. Dak.
Prof. Ezra Brainerd, LL.D., Pres. Middlebury Coll., Middlebury.....Vt.
Rev. George T. Carpenter, M.A., Chan. Drake Univ., Des Moines.....Ia.
Prof. Katharine Cowan, Pres. Wellesley Coll., Wellesley.....Mass.
Rev. O. Cone, D.D., Pres. Buchtel Coll., Akron.....Ohio.
Prof. Richard T. Ely, Johns Hopkins Univ., Baltimore.....Md.
" N. Green, LL.D., Chan. Cumberland Univ., Lebanon.....Tenn.
Rev. T. A. Hardman, D.D., Pres. McKendree Coll., Lebanon.....Ill.
Prof. H. M. Hale, A.M., LL.D., Pres. Univ. of Colorado, Boulder.....Coll.
" E. M. James, Am. Academy, Pol. and Social Science, Stat. B, Phila.....Pa.
" J. M. Leavitt, A.M., Ph.D., Pres. Southwestern Baptist Coll., Bolivar.....Mo.
Rev. Richard McIlwaine, D.D., Pres. Hampden-Sidney Coll., Hampden-Sidney...Va.
" J. B. McMichael, D.D., Pres. Monmouth Coll., Monmouth .....Ill.
Prof. J. D. Moffat, Washington and Jefferson Coll., Washington .....Pa.
" James Monroe, of Political Science, Oberlin Coll, Oberlin.....Ohio.
Rev. W. A. Montgomery, D.D., Pres. Carson and Newman Coll., Mossy Creek, Tenn.

Rev. Thomas E. Peden, Pres. West Virginia Coll., Flemington ....W. Va.
Prof. B. Puryeer, LL.D., Pres. Richmond Coll., Richmond .....Va.
" J. A. Quarles, Washington and Lee Univ., Lexington ....Va.
" James E. Rhoads, LL.D., Pres. Bryn Mawr Coll., Bryn Mawr. ....Pa.
Rev. J. H. Richard, S.J., Pres. Georgetown Coll., Washington.....D. C.
Prof. A. E. Rogers, State Coll. of Agriculture, Orono..... ....Me.
" J. G. Sheperd, Attica..... .....N. Y.
" Chas. Lee Smith, of History and Politics, William Jewell Coll., Liberty .....Mo.
" Albion W. Small, Colby Univ., Waterville..... .....Me.
" J. P. Stephenson, A.M., Univ. of Des Moines, Des Moines.....Ia.
Rev. William T. Stott, D.D., Pres. Franklin Coll., Franklin.....Ind.
Prof. John S. Stahr, Pres. Franklin and Marshall Coll., Lancaster.....Pa.
Rev. George Sutherland, A.M., Pres. Ottawa Univ., Ottawa.....Kan.
Prof. J. B. Unthank, M.Sc., Pres. Wilmington Coll., Wilmington.....Ohio.
" E. D. Warfield, of Political Economy, Lafayette Coll., Easton .....Pa.
" James Riley Weaver, Prof. Political Science, De Pauw Univ., Greencastle...Ind.
Rev. W. H. Wilder, D.D., Pres. Ill. Wesleyan Univ., Bloomiston .....Ill.

These were non-committal in their replies:

Prof. Chas. K. Adams, LL.D., Pres. Cornell Univ., Ithaca.....N. Y.
" Geo. W. Atherton, LL.D., Pres. Pennsylvania State Coll., State College.....Pa.
Rev. J. W. Bissell, LL.D., Pres. Upper Iowa Univ., Fayette ....Ia.
Prof. F. W. Blackman, of History and Sociology, Univ. of Kansas, Lawrence... Kan
Rev. M. H. Buckham, D.D., Pres. Univ. of Vermont, Burlington... . . ..Vt.
Prof. W. S. Carrell, of Political Economy, Davidson Coll., Davidson.....N. C.
Rev. W. A. Candler, D.D., Pres. Emory Coll., Oxford..... .....Ga.
" E. M. Cravath, D.D., Pres. Fisk Univ., Nashville.....Tenn.
" Holmes Dysinger, S.M., Pres. Carthage Coll., Carthage.....Ill.
Hon. John Eaton, Ph.D., LL.D., Pres. Marietta Coll., Marietta..... .....Ohio.
Rev. Henry Ferguson, Trinity Coll., Hartford... .....Conn.
Prof. D. C. Gilman, LL.D., Pres. Johns Hopkins Univ., Baltimore.....Md.
" Arthur T. Hadley, Yale Coll., New Haven.....Conn.
" G. Stanley Hall, Clark Univ., Worcester.....Mass.
Rev. F. H. M. Henderson, D.D., Pres. Bowdan Coll., Bowdan..... Ga.
" W. L. C. Hunnicut, D.D., Pres. Centenary Coll., Jackson.....La.
Prof. Huntington, Univ. of Nashville, Nashville..... .....Tenn.
" R. H. Jesse, Pres. Univ. of State of Missouri, Columbia.....Mo.
Rev. William P. Johnston, A.M., Pres. Geneva Coll., Beaver Falls.....Pa.
Prof. M. Kellogg, Acting Pres. Univ. of California, Berkeley .....Cal.
Rev. T. J. Kennedy, D.D., F. S., Pres. Amity Coll., College Springs.. .....Ia.
Prof. E. S. Lewis, Grant Memorial Univ., Chattanooga ... .Tenn.
Rev. Wm. F. McDowell, A.M., S.T.B., Chan. Univ. of Denver, Denver..... ...Col.
Prof. J. W. Mauck, M.A., Pres. Univ. S. Dakota, Vermilion .....So. Dak.
" J. M. McBride, Univ. of South Carolina, Columbia .....So. Car.
Rev. Peter McVicar, D.D., Pres. Washburn Coll., Topeka.....Kan.
Prof. Thomas Mason, D.D., Pres. Philander Smith Coll., Little Rock. . .....Ark.
" Henry Morton, Ph.D., LL.D., Pres. Stevens Inst. of Technology, Hoboken, N. J.
Rev. Francis Patton, D.D., LL.D., Pres. Coll. of New Jersey, Princeton.....N. J.

Rev. E. N. Potter, D.D., LL.D., Pres. Hobart Coll., Geneva..... N. Y.
President Racine Coll., Racine..... Wis.
Prof. H. W. Prescott, A.M., Pres. Battle Creek Coll., Battle Creek..... Mich.
" C. A. Schaefer, Ph.D., Pres. State Univ. of Iowa, Iowa City..... Ia.
" W. H. Scott, LL.D., Pres. Ohio State Univ., Columbus..... Ohio.
Rev. Sylvester F. Scovel, Pres. Univ. of Wooster, Wooster..... Ohio.
Prof. Isaac Sharpless, Sc.D., Pres. Haverford Coll., Haverford..... Pa.
W. B. Sherrill, Bethel Coll., McKenzie..... Tenn.
Rev. George W. Smith, D.D., LL.D., Pres. Trinity Coll., Hartford..... Conn.
Prof. Homer B. Sprague, Ph.D., Pres. Peralta Hall, Berkeley..... Cal.
Rev. J. M. Taylor, D.D., Pres. Vassar Coll., Poughkeepsie..... N. Y.
Prof. Charles F. Thwing, Western Reserve Univ., Cleveland..... Ohio.
" R. E. Thompson, Univ. of Pennsylvania, Philadelphia..... Pa.
Rev. Chas. E. Van Norden, D.D., Pres. Elmira Coll., Elmira..... N. Y.
E. B. Wakefield, Prof. Political Science, Hiram Coll., Hiram..... Ohio.
Prof. Francis A. Walker, Ph.D., LL.D., Pres. Massachusetts Inst. of Technology, Boston..... Mass.
Rev. E. V. Zollars, A.M., Pres. Hiram Coll., Hiram..... Ohio.

ATTITUDE OF THE PRESS.

These newspapers have expressed favorable opinions as to the views and aims of the association.

Albion (Orleans Co.), Herald, Weekly, Ind.
Auburn (Cayuga Co.), Independent, Weekly, Ind.
Babylon (Suffolk Co.), Signal, Weekly, Ind.
Belmont (Alleghany Co.), Genesee Valley Post, Weekly, Pro.
Binghamton (Broome Co.), Call, Weekly, Ind.
Brooklyn, Eagle, Daily, Ind.
" Laterne, Weekly, Ind.
" County Journal, Weekly, Ind.
" Newsdealer and Stationer, Monthly, Neu.
" Review and Record, Weekly, Ind.
" Weekly, Weekly, Ind.
Buffalo, Courier, Daily, Morning, Dem.
" American Bookbinder, Single tax.
" Daily Review, Ind.
" Farmers' Journal, Weekly, Neu.
" Freethinkers' Magazine, Monthly, Neu.
" Magazine of Poetry, Quarterly, Neu.
" Roller Mill, Monthly, Neu.
" Sunday Truth, Weekly, Neu.
Cohoes (Albany Co.), Evening Dispatch, Daily, Ind.
Corning (Steuben Co.), Democrat, Daily, Dem.
Corona (Queens Co.), Chronicle, Bi-Monthly, Neu.
Cuba (Alleghany Co.), Patriot, Weekly, Rep.
Dansville (Livingston Co.), Advertiser, Weekly, Rep.
Dexter (Jefferson Co.), Advertiser, Semi-monthly, Neu.

Elmira (Chemung Co.), Young Men's Journal, Monthly, Neu.
" (Chemung Co.), Summary, Weekly, Ind.
Fishkill Landing (Dutchess Co.), Standard, Weekly, Ind.
Herkimer (Herkimer Co.), Record, Weekly, Neu.
Hermon (St. Lawrence Co.), Courier, Weekly, Rep.
Hoosick Falls (Rensselaer Co.), Democrat, Weekly, Dem.
Huntington (Suffolk Co.), Bulletin, Weekly, Dem.
" (Suffolk Co.), Long Islander, Weekly, Ind.-Rep.
Jamaica (Queens Co.), Long Island Democrat, Weekly, Dem.
Jamestown (Chautauqua Co.), Journal, Weekly, Rep.
Kingston (Ulster Co.), Blossom, Monthly, Neu.
Lakeville (Livingston Co.), Lake Visitor, Weekly, Neu.
Lansingburgh (Rensselaer Co.), Times, Weekly, Rep.
Long Island City (Queens Co.), Star, Daily, Ind.
Mount Vernon (Westchester Co.), Chronicle, Semi-Weekly, Ind.
Newtown (Queens Co.), Sun, Weekly, Ind.
New York City, Investigator, Daily, Neu.
" " Post, Daily, Ind.
" " Herald, Daily, Neu.
" " Recorder, Daily, Rep.
" " Sun, Daily, Dem.
" " Times, Daily, Ind.
" " World, Daily, Dem.
" " Indicator, Daily, Neu.
" " Listy, Daily, Bohemian.
" " Allgemeine Vereins Zeitung, Weekly, Neu.
" " American Art Journal, Weekly, Neu.
" " American Hebrew, Weekly, Neu.
" " Amerikanische Schweizer Zeitung, Weekly, Ind.
" " American Banker, Weekly, Neu.
" " Age, Weekly, Rep.
" " American Carbonator, Monthly, Neu.
" " Art Interchange, Monthly, Neu.
" " American Homœopathist, Monthly, Neu.
" " American Journal of Railway Appliances, Weekly, Neu.
" " American Merchant, Monthly, Neu.
" " American Pressman, Monthly, Neu.
" " American Silk Journal, Monthly, Neu.
" " American Grocer, Weekly, Neu.
" " Amerikai Nemzetor, Weekly, Ind.
" " Architecture and Building, Weekly, Neu.
" " Birds and Blossoms, Monthly, Neu.
" " Blue and White, Weekly, Neu.
" " Boots and Shoes, Weekly, Neu.
" " Book Chat, Monthly, Neu.
" " Builder and Woodworker, Monthly, Neu.
" " Columbia News, Weekly, Neu.
" " Commercial Enquirer, Weekly, Neu.
" " Capitalist, Monthly, Neu.
" " Christian at Work, Weekly, Neu

New York City, Christian Weekly, Weekly, Neu.
" " Church Union, Weekly, Neu.
" " Contanseau's Bulletin, Monthly, Neu.
" " Dry Goods Economist, Weekly, Neu.
" " Dry Goods Chronicle, Weekly, Neu.
" " Daheim, Monthly, Neu.
" " Decorator and Furnisher, Monthly, Neu.
" " Eagle, Weekly, Neu.
" " Electric Age, Weekly, Neu.
" " Electrical Engineer, Weekly, Neu.
" " El Espejo, Monthly, Neu.
" " Electrical Review, Weekly, Neu.
" " Engineering and Mining Journal, Weekly, Neu.
" " Financier, Weekly, Neu.
" " Financial Record, Weekly, Neu.
" " Fancy Goods Graphic, Monthly, Neu.
" " Grand Army Gazette, Monthly, Neu.
" " Harlem Local Reporter, Semi-Weekly, Ind.-Dem
" " Jewelers' Circular, Weekly, Neu.
" " Jewelers' Review, Weekly, Neu.
" " Jewelers' Weekly, Weekly, Neu.
" " Journal of Finance, Daily, Neu.
" " Keynote, Monthly, Neu.
" " Labor Herald, Weekly, Labor.
" " Marine Journal, Weekly, Neu.
" " Mercantile and Financial Times, Weekly, Neu.
" " Merchants' Review, Weekly, Neu.
" " Manufacturer and Builder, Monthly, Neu.
" " Masonic Chronicle, Monthly, Neu.
" " National Standard, Monthly, Neu.
" " New Earth, Monthly, Single Tax.
" " Nation, Weekly, Neu.
" " Observer, Weekly, Neu.
" " Once a Week, Weekly, Neu.
" " Old New York, Monthly, Neu.
" " Optician, Monthly, Neu.
" " Publishers' Weekly, Weekly, Neu.
" " Paper Trade Journal, Weekly, Neu.
" " Phonographic World, Monthly, Neu.
" " Phonogram, Monthly, Neu.
" " Pomeroy's Advance Thought, Monthly, Neu.
" " Pharmaceutical Record, Semi-Monthly, Neu.
" " Remedy, Weekly, Ballot and Tax Reform.
" " Review, Weekly, Neu.
" " Railroad Topics, Monthly, Neu.
" " Railroad and Engineering Journal, Monthly, Neu.
" " Real Estate Record, Weekly, Neu.
" " Sunday Courier, Weekly, Neu.
" " Shipping and Commercial List, Semi-Weekly, Neu.
" " Sunday Times and Messenger, Neu.

New York City, Sunnyside, Monthly, Neu.
" " Surrogate, Monthly, Neu.
" " Standard, Weekly, Single Tax.
" " Tobacco, Weekly, Neu.
" " Tagblatt, Weekly, Neu.
" " Town Topics, Weekly, Neu.
" " Truth Seeker, Weekly, Neu.
" " Twentieth Century, Weekly, Neu.
" " Uptown Press, Weekly, Ind.
" " United States Sewing Machine Times, Weekly, Neu.
" " Voice, Weekly, Pro.
" " Woman's Illustrated World, Weekly, Neu.
" " Waterbury, Monthly, Neu.
Nyack (Rockland Co.), City and Country, Weekly, Dem.
Port Chester (Westchester Co.), Journal, Weekly, Ind.
Poughkeepsie (Dutchess Co.), Eagle, Daily, Rep.
Rome (Oneida Co.), Sentinel, Daily, Dem.
Rochester (Monroe Co.), Volksblatt, Daily, Rep.
" " Farm Life, Monthly, Neu.
" " Jury, Weekly, Neu.
" " Jewish Tidings, Weekly, Neu.
" " Odontographic Journal, Quarterly, Neu.
" " Post-Express, Daily, Ind.
" " Herald, Sunday, Ind.
Saratoga (Saratoga Co.), Saratogan, Daily, Rep.
" " Union, Daily, Ind.
" " Eagle, Weekly, Neu.
" " Sun, Weekly, Dem.
Schuylerville (Saratoga Co.), Standard, Weekly, Ind.
Schenectady (Schenectady Co.), Union, Daily, Rep.
Seneca Falls (Seneca Co.), Courier, Weekly, Rep.
Skaneateles (Onondaga Co.), Special Crops, Quarterly, Neu.
Syracuse " Syracusan, Every Week, Neu.
" " School Bulletin, Monthly, Neu.
" " Industrial Gazette, Weekly, Single Tax.
Tarrytown (Westchester Co.), Record of the Times, Weekly, Dem.
Tonawanda (Erie Co.), Herald, Weekly, Dem.
Troy (Rensselaer Co.), Polytechnic, Monthly, Neu.
" " Evening Standard, Daily, Ind.
" " Press, Daily, Dem.
Utica (Oneida Co.), Observer, Daily, Dem.
Watertown (Jefferson Co.), Rudder, Monthly, Neu.
Walden (Orange Co.), Citizen, Weekly, Rep.
Weedsport (Cayuga Co.), Republican, Weekly, Ind.
Youngstown (Niagara Co.), News, Weekly, Ind.

The following newspapers have expressed themselves unfavorably as to the aims of the association :

Addison (Steuben Co.), Advertiser, Weekly, Rep.
" " Record, Weekly, Dem.

Akron (Erie Co.), Breeze, Weekly, Neu.
Albany (Albany Co.), Press and Knickerbocker, Daily, Ind.
" " Poultry Monthly, Monthly, Neu.
Albion (Orleans Co.), News, Weekly, Ind.
" " Republican, Weekly, Dem.
Alfred Centre (Alleghany Co.), Sabbath Recorder, Weekly, Neu.
Almond " New Era, Weekly, Neu.
Angelica " Every Week, Weekly, Ind.
" " Republican, Weekly, Neu.
Antwerp (Jefferson Co.), Gazette, Weekly, Rep.
Arcade (Wyoming Co.), Leader, Weekly, Ind.
Auburn (Cayuga Co.), Deutsche Zeitung, Weekly, Ind.
Bainbridge (Chenango Co.), Republican, Weekly, Ind.
Ballston Spa (Saratoga Co.), Journal, Weekly, Rep.
Batavia (Genesee Co.), Daily News, Daily, Ind.
" " Spirit of the Times, Weekly, Dem.
Bath (Steuben Co.), Steuben Courier, Weekly, Rep.
Bath-on-Hudson (Rensselaer Co.), Star and Observer, Weekly, Dem.
Belmont (Alleghany Co.), Alliance Leader, Weekly, Farmers' Alliance.
Binghamton (Broome Co.), Herald, Weekly, Ind.
Buffalo, Express, Daily, Ind.-Rep.
" Freie Presse, Daily, Rep.
" Horse World, Weekly, Neu.
" Volks Freund, Daily, Neu.
" Queries Magazine, Monthly, Neu.
Calicoon Depot (Sullivan Co.), Echo, Weekly, Ind.
Canastota (Madison Co.), Journal, Weekly, Rep.
Canisteo (Steuben Co.), Times, Weekly, Ind.
Canton (St. Lawrence Co.), Commercial Advertiser, Weekly, Dem.
Catskill (Greene Co.), Recorder, Weekly, Dem.
Cattaraugus (Cattaraugus Co.), Times, Weekly, Ind.-Rep.
Chateaugay (Franklin Co.), Record, Weekly, Rep.
Clinton (Oneida Co.), Courier, Weekly, Ind.
Cohocton (Steuben Co.), Valley Times, Weekly, Ind.
Cooperstown (Otsego Co.), Freeman's Journal, Weekly, Dem.
Cleveland (Oswego Co.), World, Weekly, Neu.
Corning (Steuben Co.), Democrat, Daily, Dem.
Dansville (Livingston Co.), Express, Weekly, Dem.
Deposit (Broome Co.), Tri-County Journal, Weekly, Ind.
De Ruyter (Madison Co.), Gleaner, Weekly, Rep.
Dryden (Tompkins Co.), Herald, Weekly, Ind.
Echo (Suffolk Co.), Rural Long Islander, Monthly, Neu.
Ellenville (Ulster Co.), Journal, Weekly, Rep.
Fairport (Monroe Co.), Patriot and Current History, Monthly, Neu.
Finley's Lake (Chautauqua Co.), Breeze, Weekly, Rep.
Fonda (Montgomery Co.), Mohawk Valley Democrat, Weekly, Dem.
Ft. Edward (Washington Co.), Advertiser, Weekly, Rep.
Fredonia (Chautauqua Co.), Censor. Weekly, Rep.
Franklinville (Cattaraugus Co.), Chronicle, Weekly, Ind.
Fulton (Oswego Co.), Patriot and Gazette, Weekly, Rep.

Geneva (Ontario Co.), Advertiser, Weekly, Ind.
" " Gazette, Weekly, Dem.
Glens Falls (Warren Co.), Republican, Weekly, Ind.-Dem.
Gouverneur (St. Lawrence Co.). Northern Tribune, Weekly, Rep.
Greenport (Suffolk Co.), Republican Watchman, Weekly, Dem.
Hancock (Delaware Co.), Herald, Weekly, Dem.
Hannibal (Oswego Co.), News and Reveille, Weekly, Ind.
Ithaca (Tompkins Co.), Chronicle, Weekly, Ind.
" " Democrat, Weekly, Dem.
Jefferson (Schoharie Co.), Courier, Weekly, Dem.
Kingston (Ulster Co.), Leader, Daily, Dem.
Le Roy (Genesee Co.), Gazette, Weekly, Rep.
Machias (Cattaraugus Co.), Star, Weekly, Pro.
Malone (Franklin Co.), Farmer, Weekly, Rep.
" " Palladium, Weekly, Rep.
Marion (Wayne Co.), Enterprise, Weekly, Rep.
Marlborough (Ulster Co.), Record, Weekly, Ind.
Monticello (Sullivan Co.), Republican, Weekly, Rep.
Moorsville (Madison Co.), Leader, Weekly, Rep.
Newburgh (Orange Co.), Leader, Weekly, Neu.
New York City, American Dairyman, Weekly, Neu.
" " American Sentinel, Weekly, Rep.
" " Bahn Frei, Weekly, Neu.
" " Harlem Chronicle, Weekly, Neu.
" " China Decorator, Monthly, Neu.
" " Insurance Critic, Monthly, Neu.
" " Insurance Law Journal, Monthly, Neu.
" " Metropolitan and Rural Home, Monthly, Neu.
" " Sanitary Era, Monthly, Neu.
" " Freeman's Journal, Weekly, Neu.
Newark Valley (Tioga Co.), Herald, Weekly, Ind.
North Collins (Erie Co.), Leader, Weekly, Ind.
North Chili (Monroe Co.), Earnest Christian, Monthly, Religious, Neu.
Nunda (Livingston Co.), News, Weekly, Rep.
Olean (Cattaraugus Co.), Herald, Daily, Dem.
" " " Times, Daily, Rep.
Oneida (Madison Co.), Dispatch, Semi-Weekly, Rep.
Oneonta (Otsego Co.), Spy, Daily, Neu.
Oswego Falls (Oswego Co.), Observer, Weekly, Ind.
Oswego (Oswego Co.), Gazette, Weekly, Dem.
Penn Yan (Yates Co.), Vineyardist, Semi-Monthly, Neu.
" " Express, Weekly, Rep.
Perry (Wyoming Co.), News, Weekly, Ind.
Pike (Wyoming Co.), Gazette, Weekly, Ind.
Plattsburg (Clinton Co.), Republican, Weekly, Dem
Port Byron (Cayuga Co.), Chronicle, Weekly, Rep.
Potsdam (St. Lawrence Co.), Courier and Freeman, Weekly, Rep.
Prattsburgh (Steuben Co.), News, Weekly, Ind.
Randolph (Cattaraugus Co.), Register, Weekly, Rep.
" " " Courant, Weekly, Dem.

Richmondville (Schoharie Co.), Phœnix, Weekly, Dem.
Rome (Oneida Co.), Citizen, Semi-Weekly, Rep.
" " " Central N. Y. News, Weekly, Tem.
Rochester (Monroe Co.), Times, Daily, Ind.
" " " Herald, Daily, Ind.
" " " American Rural Home, Weekly, Neu.
Rochester (Monroe Co.), Farm Life, Weekly, Rep.
St. Regis Falls (Franklin Co.), News, Weekly, Rep.
Salem (Washington Co.), Axiom, Weekly, Rep.
" " " Review-Press, Weekly, Dem.
Sandy Hill (Washington Co.), Herald, Weekly, Rep.
Sardinia (Erie Co.), Censor, Weekly, Ind.
Savonia (Steuben Co.), Review, Weekly, Neu.
Sherman (Chautauqua Co.), News, Weekly, Rep.
Sing Sing (Westchester Co.), Republican, Weekly, Rep.
Syracuse (Onondaga Co.), Express, Weekly, Ind.
" " " University News, Weekly, Neu.
" " " Herald, Sunday, Ind.
" " " Times, Sunday, Ind.
Ticonderoga (Essex Co.), Sentinel, Weekly, Ind.
Tottenville (Richmond Co.), Times, Weekly, Rep.
Troupsburgh (Steuben Co.), Farmers, Weekly, Farmers' Alliance.
" " " Northern Budget, Weekly, Neu.
Utica (Oneida Co.), Tribune, Sundays, Ind.
Valatie (Columbia Co.), Kinderhook Rough Notes, Weekly, Dem.
Victor (Ontario Co.), Herald, Weekly, Ind.
Warsaw (Wyoming Co.), Times, Weekly, Dem.
Watertown (Jefferson Co.), Post, Weekly, Ind.-Rep.
Watkins (Schuyler Co.), Democrat, Weekly, Dem.
Weedsport (Cayuga Co.), Chief, Weekly, Ind.

The following are non-committal :

Albany (Albany Co.), Der Erz-Druid, Monthly, Neu.
" " " Work at Home, Monthly, Neu.
Albion (Orleans Co.), Oologist, Monthly, Neu.
Alfred Centre (Alleghany Co.), Sabbath Recorder, Weekly, Neu.
Auburn (Cayuga Co.), Purple and Gold, Quarterly, College.
Avoca (Steuben Co.), Advance, Weekly, Ind.
Bay Shore (Suffolk Co.), Journal, Weekly, Rep.
Binghamton (Broome Co.), Railroader, Monthly, Neu.
Black River (Jefferson Co.), News, Weekly, Dem.
Bluff Point (Yates Co.), Visitor, Monthly, Neu.
Brooklyn, Advertiser, Semi-Weekly, Neu.
" Brazilian Missions, Monthly, Neu.
" Seed, Monthly, Neu.
Buffalo, American Investments, Monthly, Neu.
" Iron Industry Gazette, Monthly, Neu.
" Dental Advertiser, Quarterly, Neu.
Camden (Oneida Co.), Advance Journal, Weekly, Ind.

Canton (St. Lawrence Co.), St. Louis Plaindealer, Weekly, Rep.
Corning (Steuben Co.), Journal, Weekly, Rep.
Coxsackie (Greene Co.), News, Weekly, Ind.
Dansville (Livingston Co.), Breeze, Weekly, Ind.
East Syracuse (Onondaga Co.), News, Weekly, Neu.
Ellensville (Ulster Co.), Press, Weekly, Dem.
Elmira (Chemung Co.), Echoes, Weekly, Neu.
Fillmore (Alleghany Co.), Observer, Weekly, Ind.
Fort Plain (Montgomery Co.), Free Press, Weekly, Rep.
Franklinville (Cattaraugus Co.), Journal, Weekly, Ind.
Freeville (Tompkins Co.), Friend, Monthly, Ind.
Glen Cove (Queens Co.), Gazette, Weekly, Ind.
Hillsdale (Columbia Co.), Harbinger, Weekly. Neu.
Hornellsville (Steuben Co.), Herald, Weekly, Rep.
" " " Times, Daily, Rep.
" " " Tribune, Daily, Dem.
Ilion (Herkimer Co.), News, Weekly, Neu.
Kingston (Ulster Co.), Freeman, Daily, Rep.
Lyons (Wayne Co.), Republican, Semi-Weekly, Rep.
Newark (Wayne Co.), Courier, Weekly, Dem.
Newburgh (Orange Co.), Telegram, Weekly, Rep.
New York City, American Exporter, Monthly, Neu.
" " American Pressman, Monthly, Neu.
" " Art in Advertising, Monthly, Neu.
" " Baptist Home Mission Monthly, Monthly, Neu.
" " Baptist Review, Quarterly, Neu.
" " Christoforo Colombo, Daily, Neu.
" " Collector, Monthly, Neu.
" " Cosmopolitan, Monthly, Neu.
" " Die Arbeiter Zeitung, Weekly, Labor.
" " Delineator, Monthly, Neu.
" " Evening Telegram, Daily, Ind.
" " Elanunciador, Monthly, Neu.
" " Electric Power, Monthly, Neu.
" " English Pulpit of To-day, Monthly, Neu.
" " Far and Near, Monthly, Neu.
" " Free Russia, Monthly, Neu.
" " Freemason's Journal, Semi-Monthly, Neu.
" " Gaillard's Medical Journal, Monthly, Neu.
" " Harlem City, Weekly, Neu.
" " Hebrew Journal, Weekly, Neu.
" " Hotel Register, Weekly, Neu.
" " Herald of Health, Monthly, Neu.
" " Illustrated Christian Weekly, Weekly, Neu.
" " Iron Age, Weekly, Neu.
" " Insurance Times, Monthly, Neu.
" " Journal of the Society of Amateur Photographers of New York, Monthly, Neu.
" " Life, Weekly, Neu.
" " Lithographic Art Journal, Monthly, Neu.

New York City Lumber Trade Journal, Semi-Monthly, Neu.
" " Literature, Neu.
" " Mercantile and Exchange Advocate, Weekly, Neu.
" " Mexico Moderno, Weekly, Neu.
" " Manhattan Athletic Club Chronicle, Monthly, Neu.
" " Nationalist, Weekly, Ind.
" " Oak Leaf, Monthly, Neu.
" " Our Society Journal, Monthly, Neu.
" " Our Times, Monthly, Neu.
" " Poultry Raising, Monthly, Neu.
" " Power-Steam, Monthly, Neu.
" " Plumber's Trade Journal, Semi-Monthly, Neu.
" " Press, Daily, Morning, Rep.
" " Real Estate Journal, Weekly, Ind.
" " Sunday News, Sundays, Neu.
" " School Journal, Weekly, Neu.
" " Science, Weekly, Neu.
" " Strids Ropet, Weekly, Neu.
" " Taubstummen Welt Blatt, Semi-Monthly, Neu.
" " University Magazine, Monthly, Neu.
Norwich (Chenango Co.), Union, Weekly, Dem.
Ogdensburg (St. Lawrence Co.), Advance, Weekly, Dem.
Ovid (Seneca Co.), Independent, Weekly, Ind.
Patchogue (Suffolk Co.), Advance, Ind.-Rep.
Perry (Wyoming Co.), Herald, Weekly, Rep.
Phelps (Ontario Co.), Citizen, Weekly, Ind.
Rochester (Monroe Co.), Casket, Weekly, Ind.
Savannah (Wayne Co.), News, Weekly, Ind.
Silver Creek (Chautauqua Co.), Hanover Gazette, Weekly, Ind.
Syracuse (Onondaga Co.), Official Organ, Monthly, Ind.
Troy (Rensselaer Co.), Carriage and Harness Journal, Monthly, Neu.
Union (Broome Co.), News, Weekly, Ind.
Utica (Oneida Co.), Volksblatt, Semi-Weekly, Neu.
Warwick (Orange Co.), Advertiser, Weekly, Ind.
Watertown (Jefferson Co.), Argus, Weekly, Labor.
Wellsburgh (Chemung Co.), News, Weekly, Ind.
Yonkers (Westchester Co.), Home Journal, Weekly.

Total, 103. There are doubtless errors in this list. Many papers say one thing at one time, and another at another. We shall be glad to get corrections. The papers indicated on our lists as "neutral" do not at present take sides in politics.

LICENSE TAXES.

The following is taken from an old paper; it is a little out of the line of the Tax Reform Platform, but it is too good a presentation of a peculiar view to be omitted.

Saloon-keeper: "I believe the tax on real estate alone to be the right tax."

The Doctor: "Then you will vote for it?"

"Most certainly not. Don't you give me credit for any sense? Can't you see that tax theory would knock the spots off from saloon keeping? We don't mind encouraging the prohibitionists a little. It will be a long time before they can pass their laws, and they can be easily violated or evaded; but your land taxation plan goes right to the root of the saloon business and will kill it."

By this time I was getting considerably interested, and asked for an explanation.

"Now, look here, doctor, you know just as well as I do why I must oppose it. Can't you see that this tax on land alone means that there will be no taxes of any kind—government license, town license, special tax, revenue tax—levied on our business?"

"Certainly you will be relieved of all taxation," I replied.

"Relieved! Yes, relieved of over half our profits, you mean."

Rising and going to the sideboard, he poured out a glass of liquor, and, returning, held it up to the light.

"Look here," said he, "that whisky retails for ten cents. Take off all the taxes, and I would have to retail it for five, and make just half as much per glass as I do now. Now, the majority of men drink all they would if whisky was cheaper, and therefore I wouldn't sell much if any more than I do now. Your single tax would cut down the saloon-keeper's profits at least one-half. That is why he will be against you. You destroy the monopoly.

"If there were no license fees to be paid, anybody who had a bottle and two glasses could start a saloon. To-day, however, a man has to pay a certain amount down for a license; he has got to get a number of citizens to indorse his application for a license. He has to invest so much money in whisky, and, as I showed you a few moments ago, so much more in taxes. A poor man can't go into the saloon business now. Did you ever notice how we really prevent competition in our business? No matter how many saloons there are, the price is always kept up. By the way, your tax scheme would do away with treating to a great extent, and it is on treating that the saloon thrives. How could it do that? In this way: Treating is a matter of ostentation, of pride. A man treats to show that he is able to spend money and prove himself to be sociable. Take all taxes off from whisky, wine, and beer, and they would be so cheap a man would be ashamed to treat. No one would ask another in to take a three-cent drink; they would buy cigars, a lunch, or something of that sort.

"Why, you hurt us on all sides; you take away our profits; you destroy our monopoly; you break up the treating habit; and, worse yet, you destroy our respectability."

"How?"

"By not taxing us. The license is a certificate of respectability; it makes our business just as good as any man's; nay, even better. We are under the special protection of both State and general governments. Supposing two men come into my saloon and begin to fight, the police will come in and arrest them, or I may kick them out for disorderly conduct. I am all right—my license says I am; and if these men can't behave in a respectable place, they can be fined as disorderly persons. But remove from me the support of law, and when a fight occurred in my saloon it would be a disorderly place, and the police would arrest me and close up my place. You would put me on the level with the house of ill-fame.

"Doctor, the whisky men will fight the real estate tax party because the carrying out of its principles would be a dangerous thing for the saloon."

MR. WELLS'S REPORT.

It was first proposed to publish in full the Hon. David A. Wells's "Report of the Commissioners to Revise the Laws for the Assessment and Collection of Taxes in New York, in accordance with the Act of April 26, 1870," together with his supplementary report, which reached many editions here and were printed in England and in France. It was found, however, that the examples used in these reports had become so antiquated as to be unavailable. It is greatly to be regretted that the report should have lost currency in any degree, as substantially nothing has been added in the way of ideas since that time to those which are contained in that able document.

No one could do a greater service to economic study than by taking up that report, bringing the figures down to date, revising the data as to existing laws so as to correspond with present conditions, and, whilst adhering strictly to the form of the book, giving it the present applicability of a current publication. If any competent person will undertake this work, this association will be glad to assist in its publication in any way that may be proper, and the report being now out of print and being difficult to obtain, this association will furnish a copy for that purpose to any one who may, with its approval, undertake the work. We make this suggestion with the full approval of Mr. Wells.[1]

[1] Commissioner Andrews said that David A. Wells did a noble work in exposing the fallacies, incongruities, and contradictions of the present laws, with such singular

The same remarks apply to the address entitled "Taxation," delivered by George H. Andrews before the New York Assembly's Committee of Ways and Means, October 6, 1874.

A revision of these two would give, with little labor, all the necessary figures and statistics needed for an exhaustive study of this aspect of taxation. Taxation is not, however, a matter of figures, but of principles.

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minuteness and convincing clearness. The tax-payers owe to him a lasting debt of gratitude for the courage and capacity he exhibited in striking a mortal blow at the gigantic fraud which, under the name of a personal assessment law, reduces the value of real estate, fetters commerce, oppresses the manufacturer, cripples the tradesman, hinders the rising mechanic, robs the widow and orphan, makes the rich richer and the poor poorer, expatriates many of our best citizens, taints the moral atmosphere, vitiates social relations—all to foster the interests of other cities and States at the expense of our own.

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The *Reader's Guide* says, touching the bibliography of land and rent:

"Kinner and Laveleye give a general view of the development of property in land. Maine is for advanced students. Pollock's sketch of British land laws is brief and clear. Leslie's account of British and Irish land systems is fuller. The *Cobden Club Essays*, edited by Probyn, serve as a good introduction to modern systems of land tenure. Meyer's official report and Rocher's treatise are valuable. Prothero describes British agriculture. Ricardo is the chief expounder of the doctrine of rent. Wollser is his principal American disciple. The criticisms of Carey have been adopted by the so-called 'American' school of financial writers. Brooklyn Library Catalogue, p. 919, contains important entries. See also various chapters in Buckle, Green, Escott, and other standard historians bearing on land systems. Thorold Rogers in his *Cobden and Modern Political Opinions*, 1873, pp. 73–108, discusses the land question. Donaldson's History is indispensable to students of the public lands question in the United States."

After this introduction comes the following list of books recommended to students:

Allison, E. P., *and* **Penrose,** BOIES. **Ground Rents in Philadelphia.** Phila., Wharton School of Finance and Economy, 1889. 19 pp. O. pap. 25 c.

Cheyney, E. P. **Anti-Rent Agitation in the State of New York, 1839–1846.** Phila., Wharton School of Finance and Economy, 1889. O. pap. 50 c.

Cox, S. S. **Free Land and Free Trade.** N. Y., Putnam, 1880. D. $1. A clearly written little treatise on the application to the United States of the principles that governed the repeal of the British corn laws.

Dixwell, G. B. **Progress and Poverty,** a review of the doctrines of H. George. Cambridge, Mass., 1882. 46 pp. O.

Egleston, MELVILLE. **Land System of the New England Colonies.** Baltimore, Johns Hopkins Univ., 1886. 66 pp. O. pap. 50 c.

Elliott, J. R. **American Farms:** their condition and future. N. Y., Putnam, 1890. 6+262 pp. D. $1.25.

George, H. **Progress and Poverty.** An inquiry into causes of industrial depressions, and of the increase of want with increase of wealth. The remedy. 1879. N. Y., Henry George & Co., 1888. 250 pp. O. cl., $1.00; pap., 35 c.

No recent economic work has excited more popular interest, or has received a wider circulation. The author's proposal that a "single tax" be imposed to equal ground-rent has called forth world-wide discussion. In addition to criticisms included under land and rent, may be mentioned that found in, last chapter, J. Roe's *Contemporary Socialism* and in G. Gunton's *Wealth and Progress*. R. Giffen, in his *Growth of Capital*, states that British wealth in land is diminishing proportionately, and is now one-sixth of the whole.

In advocacy of the doctrines of *Progress and Poverty* (also of *Tariff Reform and Ballot Reform*) *The Standard* is published at 42 University Place, New York, $3 per annum. From the same office is issued a variety of tracts and leaflets similar in purpose.

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Mayer, LOUIS. **Ground Rents in Maryland.** Baltimore, 1883, Cushings & Bailey. 158 pp. O. $1.50.

Miller, J. BLEECKER. **Progress and Robbery.** Two American answers to H. George, the Demi-Communist. N. Y., *Evening Post*, 1889. 16 pp. S. pap., 1 c.

Moody, W. C. **Land and Labor in the United States.** N. Y., Scribner, 1883. 306 pp. D. $1.50.

Nott, C. C. **A Good Farm for Nothing.** Reasons for the decline of agriculture and farm values in New England. N. Y., *Evening Post*, 1889. 16 pp. S. pap., 1 c.

Olmstead, DWIGHT H. **Land Transfer Reform;** or, the Free Transfer of Land. N. Y., Baker, Voorhis & Co., 1887. 116 pp. O. pap., 25 c.

By one of the land commissioners appointed by Legislature of New York, 1884. Gives detailed information for the scientific registration and indexing of land records, including explanation of proposed legislative bills for block and lot indexing.

Phillips, W. A. **Labor, Land, and Law.** A search for the missing wealth of the working classes. N. Y., Scribner, 1886. 471 pp. D. $2.50.

A historical review of the shares of production taken by landlord, capitalist, and employer, concluding with proposed remedies.

Ross, DENMAN W. **Early History of Land-Holding among the Germans.** Boston, Soule & Bugbee, 1883. 6+273 pp. D.

Contains biography of general subject.

Sato, SHOSUKE. **History of the Land Question in the United States.** Baltimore, Johns Hopkins Univ., 1886. $1.25.

Walker, FRANCIS A. **Land and Its Rent.** Bost., Little, Brown & Co., 1883. 220 pp. S. 75 c.

Reviews the doctrines of Carey, Bastiat, Mill, Leroy-Beaulieu, and H. George as to rent. Shows how economists have discriminated between land and other forms of property. Objects to Mill's proposal that the State should appropriate future unearned increment on grounds of political expediency, not on grounds of political equity. The best American book on the subject from the conservative standpoint.

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Bateman, J. Acre-ocracy of England, a list of the owners of 3,000 acres and upwards, with their possessions and incomes, arranged under their various counties. Lond., Pickering, 1876. 220 pp. D.

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Regards land-owning as one of the social and conventional rights which for the general good communities accord to individuals.

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"The first authority on American taxation is Wells, whose reports are invaluable. Ely's and Seligman's monographs deserve high commendation. The works of Dowell and Noble are the best English contributions to the literature of public finance. Pres. E. B. Andrews prescribes the following course for a student : Cossa's Taxation, then Marzano. From him, being now ready for a real comprehension of the subject, he could proceed to the third volume of Schönberg's Handbuch der politischen Oekonomie. Thence, to enrich his view by fresh and large exposition, joined with abundant historical application, he might pass to Cohn. He could then advance to Roscher, Wagner, Stein, and Leroy-Beaulieu."

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